

# AGRICULTURAL FINANCE REVIEW

Vol. 1

November

No. 2

A SEMI-ANNUAL REVIEW OF  
CURRENT DEVELOPMENTS  
AND RESEARCH IN THE FIELD  
OF FARM CREDIT, FARM INSUR-  
ANCE, AND FARM TAXATION



UNITED STATES DEPARTMENT OF AGRICULTURE  
BUREAU OF AGRICULTURAL ECONOMICS  
WASHINGTON, D.C.

LIST OF AVAILABLE PUBLICATIONS AND REPORTS,  
RELATED TO AGRICULTURAL FINANCE, ISSUED BY THE  
BUREAU OF AGRICULTURAL ECONOMICS

Printed Bulletins

<u>Title</u>	<u>Series and number</u>	<u>Date issued</u>
Developments and Problems in Farmers' Mutual Fire Insurance	U.S.D.A. Cir. 54	1928
Taxation of Farm Property	" T.B. 172	1930
The Farmers' Tax Problem	House Document No. 406 73d Congress 2d Session	1934
Agricultural Loans of Commercial Banks	U.S.D.A. T.B. 521	1936
Federal Seed-Loan Financing and its Relation to Agricultural Rehabilitation and Land Use	" T.B. 539	1936
Demand Deposits of Country Banks	" T.B. 575	1937
Farmer Bankruptcies, 1898-1935	" Cir. 414	1936
A Graphic Summary of Farm Taxation	" Misc. Pub. No. 262	1937
A Graphic Summary of Agricultural Credit	" Misc. Pub. No. 268	1938

Bulletins Published in Cooperation with State Experiment Stations

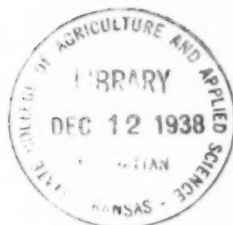
Farm Credit in North Carolina - Its Cost, Risk and Management	N.C. State Exp. Sta. Bul. No. 270	1930
Agricultural Finance in South Carolina	S.C. State Exp. Sta. Bul. No. 282	1931
Bank Failures in Arkansas (Limited supply)	Ark. State Exp. Sta. Bul. No. 315	1935

Bulletins Published in Cooperation with other Bureaus

Fire-Protective Construction on the Farm	U.S.D.A. F.B. 1590	1938
Fire Safeguards for the Farm	" F.B. 1643	1938
Safe Use and Storage of Gasoline and Kerosene on the Farm	" F.B. 1678	1938

Mimeographed Reports and Releases

Effect of the Seasonality of Agriculture on Iowa Banking	August 1932
Loan Operations and Liquidity Requirements of an Iowa Bank	January 1933
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Farm Real Estate Tax Delinquency in Selected Counties, 1926-33 (Individual State Reports)	1935
Crop Insurance - Excerpts and Selections	October 1936
Farm Real Estate Taxes Show Little Change in 1935	February 1937
Recent Agricultural Credit Developments Relating to Commercial Banks	February 1937
Farmer Bankruptcies Show Further Decline in 1936	May 1937
Farm Mortgage Indebtedness in the United States (1930-35)	June 1937
Agricultural Loans of Commercial Banks Show Further Decline	June 1937
Farm Mortgage Indebtedness in the United States (1930-35) (Supplemental)	August 1937
Farm Mortgage Indebtedness in the United States (1930-35) (Detailed Summary)	August 1937
Supplementary Report on Agricultural Credit Developments Relating to Commercial Banks	November 1937
Outstanding Farm-Mortgage Loans of Leading Lending Agencies	December 1937
Farm Real Estate Taxes Increase in 1936	February 1938
Regional Variations in the Sources and in the Tenure Distribution of Farm Mortgage Credit Outstanding, January 1, 1935	February 1938
Financing Crop Production on the Eastern Shore of Virginia	February 1938
Farmer Bankruptcies Decline Further in 1937	March 1938
Farm-Mortgage Recordings, 1917-35 (Individual State Reports)	1938
Agricultural Finance Review, Vol. 1, No. 1	May 1938



## A GRAPHIC SUMMARY

A Graphic Summary of Agricultural Credit, Miscellaneous Publication No. 268 of the U. S. Department of Agriculture, summarizes major changes in the debt structure of American agriculture during the past two decades. The new bulletin contains 66 maps and charts.

A brief textual discussion of major phases of the agricultural credit situation during recent years prefaces the graphic presentation of developments relating to farm-mortgage indebtedness, agricultural loans of commercial banks, interest rates, and the varied lending activities of federally sponsored credit agencies, such as the Federal land banks, Land Bank Commissioner, production credit associations, emergency crop production loan offices, Commodity Credit Corporation, Rural Electrification Administration, and Farm Security Administration.

This publication is one of a series designed to bring up to date the Graphic Summary of American Agriculture published in 1931 as Miscellaneous Publication 105. Other publications of this series which already have been issued include those relating to Physical Features and Land Utilization in the United States; Farm Tenure; Farm Taxation; Value of Farm Property; Farm Machinery, Facilities, Roads and Expenditures; Farm Labor and Population; the Number, Size and Type of Farm, and Value of Farm Products; and Farm Crops.

A copy of A Graphic Summary of Agricultural Credit may be obtained by writing the Bureau of Agricultural Economics.

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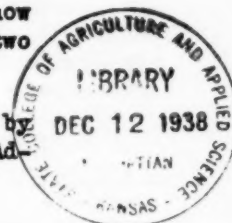
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## THE CREDIT OUTLOOK FOR 1939 <sup>1/</sup>

### Summary

- 1--The volume of short-term credit used by farmers is expected to be greater than in 1938.
- 2--Ample short-term credit will be available for meeting all demands by farmers of good credit standing.
- 3--Plentiful supplies of credit for cooperative purposes are also available.
- 4--The demand for farm-mortgage credit is expected to continue small.
- 5--Commercial banks and life insurance companies are now lending on farm mortgages much more freely than even two years ago.
- 6--Farmers' requirements for credit will be moderated by increased payments under the Agricultural Adjustment Administration farm program.



### Increased Use of Short-Term Credit is Expected

The volume of short-term credit used by farmers is expected to be greater in 1939 than in 1938. Increases are anticipated principally in loans for the storage and marketing of cotton, corn, and wheat, as it seems certain that many farmers will take advantage of the loans offered by the Commodity Credit Corporation on the 1938 crops of these staples and large amounts of the loans made on the 1937 crops of cotton and corn remain

<sup>1/</sup> Each year the Bureau of Agricultural Economics and representatives of the State Agricultural colleges prepare an agricultural outlook report presenting facts and information that may be helpful to farmers in planning their operations for the subsequent year. The Credit Outlook for 1939, one of a series of these reports, was made available October 31. This report was prepared under the direction of the following committee: N. J. Wall, Chairman, F. L. Garlock, Secretary, D. C. Horton, E. J. Engquist, Jr., M. M. Regan, of the Bureau of Agricultural Economics; E. C. Johnson, A. R. Gans, J. L. Robinson of the Farm Credit Administration; C. C. Farrington of the Agricultural Adjustment Administration, H. Gordon and N. A. Robertson of the Farm Security Administration.

outstanding. There are likely to be increases in the credits employed for the maintenance and purchase of livestock in those parts of range area and the western Corn Belt where feed supplies are abundant. Cotton, wheat, and vegetable growers will have substantial carry-overs of debt in 1939, owing to the low prices currently prevailing, and may have to depend to a larger extent than in 1938 on borrowing to meet their production expenses.

### Short-Term Credit Increased in 1938

Outstanding personal and collateral loans to farmers held by commercial banks and short-term loans held by units of the Farm Credit Administration increased during the year ended June 30, 1938, from \$956,700,000 to \$1,167,700,000, or more than 22 percent (table 1). Most of this increase was accounted for by a growth of \$199,300,000, or 27 percent, in the loans held by commercial banks. Loans held by units of the Farm Credit Administration increased \$11,700,000, or 5 percent.

The personal and collateral loans to farmers held by commercial banks increased more than 20 percent in all sections of the country except the Middle Atlantic States (increase 8 percent), the Mountain States (increase 11 percent), and the Pacific States (increase 14 percent). Exceptionally large increases were reported in southern States. Of the nine States in the country as a whole which reported increases in excess of 60 percent, seven were in the South. It seems probable that a factor of dominant importance in causing bank loans in these States to increase was loans for storage of the immense cotton crop of 1937. This is suggested by the fact that on August 31, 1938, commercial banks held approximately \$109,000,000 of Commodity Credit Corporation loans on cotton, as compared with no loans of this type a year earlier.

Table 1.—Outstanding short-term loans to farmers

Month and year	Commercial banks <sup>1/</sup>	Farm Credit Administration <sup>2/</sup>	Total
	1,000 dollars	1,000 dollars	1,000 dollars
December 31, 1920	3,869,891	....	3,869,891
December 31, 1923	2,943,818	9,105	2,952,923
June 30, 1931	1,936,360	79,206	2,015,566
December 31, 1934	807,613	203,626	1,011,239
June 30, 1936	661,606	229,506	891,112
December 31, 1936	593,614	171,517	765,131
June 30, 1937	726,400	230,302	956,702
December 31, 1937	788,351	194,225	982,576
June 30, 1938	925,705	242,009	1,167,714

1/ This series includes only personal and collateral loans to farmers and excludes loans on farm real estate.

2/ This series includes short-term loans similar in character to the personal and collateral loans made by commercial banks. It excludes emergency crop production and drought relief loans. Types of loans included are regional agricultural credit corporation loans, and production-credit association loans and Federal intermediate credit bank loans to, and discounts for "other financing institutions".

Of the short-term loans held by units of the Farm Credit Administration (excluding drought relief and emergency crop production loans) only those of the production credit associations increased during the year ended June 30, 1938. Outstanding loans of the regional agricultural credit corporations (in liquidation) decreased in all Farm Credit Districts. There were also decreases in Federal intermediate credit bank discounts for other agricultural credit and livestock loan companies in five of the 12 districts, a notable increase occurring only in the Baltimore district. Loans of production credit associations, however, increased in all districts, and for the entire country were 16 percent greater on June 30, 1938, than a year earlier. Increases averaged largest in Iowa and the eastern Corn Belt States. Most of the southern States, in which exceptionally large increases of commercial bank loans to farmers occurred, had slightly less-than-average increases in production credit association loans.

Disbursements on loans made by the Commodity Credit Corporation during the late months of 1937 and through August 31, 1938, increased greatly over the amounts disbursed during the corresponding period a year earlier. Advances on the 1937 cotton crop amounted to \$125,200,000, as compared with no loans on the 1936 cotton crop; advances on the 1937 corn crop amounted to \$9,600,000 as compared with \$46,000 on the 1936 corn crop; and there were \$7,700,000 of advances during the first 8 months of 1938 on turpentine and rosin as compared with no advances of this type during 1937. In addition, approximately \$25,000,000 were advanced on miscellaneous commodities, including butter, peanuts, prunes, raisins, wool and mohair, wheat, dates, and figs, which had not previously served as a basis for loans by the Commodity Credit Corporation.

In contrast to the increased volume of short-term credit made available to acceptable risks by commercial banks and certain units of the Farm Credit Administration, and the increased volume of loans made by the Commodity Credit Corporation on stored commodities, there was a reduction during the fiscal year 1937-38 in new loans made from special appropriations for rehabilitation and emergency relief purposes. Emergency crop production loans administered by the Farm Credit Administration amounted to only \$21,600,000 during 1937-38 as against \$33,000,000 during 1936-37. Loans for rehabilitation and emergency purposes, made by the Farm Security Administration, however, amounted to \$67,300,000 during both 1937-38 and the preceding year. Additional assistance to distressed farmers and their families has often been extended in the form of grants by the Farm Security Administration. The amounts of such grants were \$23,100,000 during 1937-38 and \$34,500,000 during 1936-37.

#### Ample Short-Term Credit will be Available in 1939

Ample facilities are available for meeting all anticipated requirements for short-term credit during 1939 at interest rates differing little, if any, from those prevailing during 1938.

Though the deposits of country banks are now moderately lower than a year ago, owing in considerable part to the decline in farm income, country banks in all parts of the United States have large unutilized reserves and readily marketable investments that can be sold to provide additional funds

if such are needed (table 2). The desire of bankers to employ their lending power more fully, and the recent liberalization of bank supervisory requirements, assure that ample bank credit will be available during 1939 to farmers who are acceptable credit risks.

Production credit associations, agricultural credit corporations, and livestock loan companies, all of which extend short-term credit to farmers, likewise are in position to furnish a plentiful supply of agricultural credit during 1939. Federal intermediate credit bank debentures, the principal source of loan funds for these institutions, continue to have a ready market at low rates of interest.

Table 2.—Demand deposits of country banks<sup>1/</sup>  
(1924-29 monthly average = 100)

Year	: 20 leading : : agricultural : : States :	Cotton : growing : States :	Corn : Belt : States :	: Range States
	: Percent	: Percent	: Percent	: Percent
Monthly average 1929	: 99.0	: 93.0	: 97.2	: 103.6
" " 1932	: 57.3	: 41.8	: 59.6	: 54.7
" " 1933	: 48.6	: 41.4	: 48.8	: 46.8
" " 1934	: 66.0	: 59.1	: 70.7	: 63.9
" " 1935 <sup>2/</sup>	: 77.5	: 71.2	: 85.3	: 77.1
" " 1936	: 97.6	: 94.7	: 106.9	: 101.3
" " 1937	: 105.7	: 105.0	: 115.4	: 110.4
Sept..... 1937	: 106.6	: 100.4	: 116.9	: 109.8
Sept..... 1938	: 102.7	: 98.7	: 113.3	: 104.5
	:	:	:	:

<sup>1/</sup> Deposits of member banks of the Federal Reserve System located in places of less than 15,000 population.

<sup>2/</sup> Average of first 7 months.

Commodity Credit Corporation loans have been made available on the 1938 cotton and wheat crops. The 1938 wheat loans average about 59 cents per bushel with the loans to individual farmers varying according to location, freight and handling charges, and the grade of wheat. Cotton loans are being made at the rate of 8.3 cents per pound on 7/8-inch Middling cotton with rates for other grades and staples ranging from 5.3 cents to 10.75 cents per pound. Loans on the 1938 corn crop will be required under the terms of the Agricultural Adjustment Act of 1938, if the November crop estimate for corn is in excess of a normal year's domestic consumption and exports or if the farm price on November 15 or at any time thereafter during the 1938-39 corn-marketing year is below 75 percent of the parity price.

The volume of funds available to low-income farmers through the Farm Security Administration's loan program will be about \$40,000,000 greater during the fiscal year 1938-39 than during each of the two preceding years. The current appropriation of \$110,000,000 provides for rehabilitation loans, loans for meeting temporary emergencies, and loans to facilitate farm community and cooperative enterprises. An effort will be made to curtail emergency loans and to use this appropriation mainly for standard rehabilitation loans.



Standard rehabilitation loans carry a 5 percent interest rate and are repayable within 1 to 5 years. Such loans are made to farm owners, tenants, and sharecroppers who cannot obtain credit from any other source, with the understanding that borrowers will follow approved farming practices. Farm laborers who have arranged to operate farms are also eligible. Loans of this type are not made for the purpose of refinancing real estate indebtedness or of aiding in the purchase of farm real estate.

#### Agricultural Adjustment Administration Payments

Requirements that otherwise would have to be met by borrowing will be satisfied in part by conservation and price-adjustment payments to farmers under the Agricultural Adjustment Administration Farm Program.

Payments to farmers under the 1938 Agricultural Conservation Program are expected to exceed \$450,000,000 as compared with approximately \$330,000,000 under the 1937 program. The first payments under the 1938 program reached farmers during October 1938 and it is expected that payments will be made in large volume during December, January, February, and March. It is estimated that the payments will be made to about 5,000,000 farmers (including landlords, tenants, and sharecroppers) as compared with about 4,000,000 farmers who qualified under the 1936 and 1937 programs.

In addition to conservation payments, cotton farmers will receive payments approximating \$130,000,000 under the 1937 cotton-price-adjustment payment plan. The first of these payments was made during the latter part of August 1938, and it is expected that practically all will be made by December 31, 1938.

Payments will also be made under the Sugar Act of 1937 to producers of sugar beets and sugarcane on their 1938 crop. Payments to sugar beet producers probably will total about \$20,000,000 and will be made largely during February, March, and April of 1939. Payments to sugarcane producers in Louisiana and Florida probably will total about \$6,000,000 and will be made largely during April, May, and June of 1939.

For farmers who plant within their 1939 acreage allotments, Congress appropriated \$212,000,000 for price-adjustment payments on cotton, corn (in the commercial corn area), wheat, rice, and tobacco. The first of these payments will be made to the winter wheat producers, probably during the early months of 1939. Payments to producers of cotton, corn, spring wheat, rice, and tobacco will be made during the summer and fall of 1939 following the checking of compliance with the 1939 acreage allotments. These price-adjustment payments will be in addition to the regular payments to be made somewhat later under the 1939 Agricultural Conservation Program.

#### Loans for Cooperative Purposes are Increasing

Loans for cooperative purposes are made by several Federal agencies. Through the Central Bank for Cooperatives and 12 district Banks for Cooperatives the Farm Credit Administration makes available to cooperative associations the following types of loans: commodity loans, on the security of staple farm products and farm supplies, bearing currently an interest

rate of 2 percent; operating capital loans to supplement the working capital of cooperative associations, at an interest rate of 3 percent; and facility loans for financing or refinancing the acquisition of land, buildings, and equipment, at an interest rate of 4 percent. The Rural Electrification Administration makes long-term loans at low rates of interest for the construction of rural distribution lines and 5-year loans to finance installations of wiring and plumbing. The Farm Security Administration also makes loans for community and cooperative enterprises.

During the year ended June 30, 1938, the outstanding loans of the Banks for Cooperatives increased from \$45,000,000 to \$81,200,000. Of the loans outstanding June 30, 1938, commodity loans amounted to \$28,600,000, operating-capital loans \$29,800,000, and facility loans, \$22,700,000. Since its inception the Rural Electrification Administration has allotted \$142,000,000 for loans in 45 States. From July 1 to September 30, 1938, allotments totaled \$54,300,000 as compared with \$29,300,000 during the entire fiscal year 1937-38, and \$46,400,000 during the preceding year. Community and cooperative loans made by the Farm Security Administration amounted to \$1,200,000 in 1937-38 and \$1,100,000 in 1936-37.

#### New Farm-Mortgage Financing Likely to Continue at Reduced Levels

The demand for new farm-mortgage credit in 1939 is expected to continue at the relatively low levels of 1937 and 1938. The volume of emergency refinancing of farm mortgages is now much reduced from the peak of 1934-35 and the normal requirements for loans to refinance maturing mortgages are expected to continue low in view of the large proportion of the outstanding farm-mortgage loans now carrying relatively long terms. Loans of the Federal land banks and the Land Bank Commissioner which are made for long terms amount to about 40 percent of the outstanding farm-mortgage debt, as compared with 33 percent in 1935 and 13 percent in 1930.

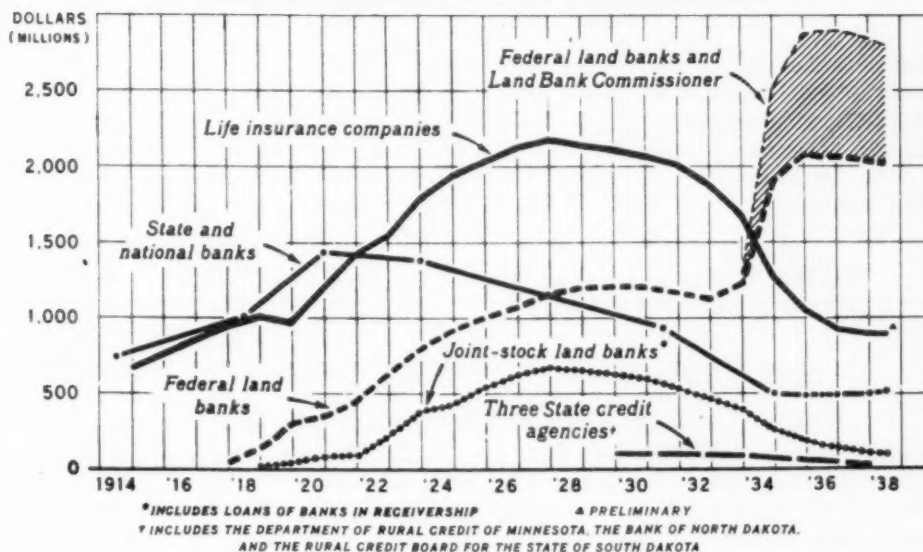
No material change is expected in the amount of credit required to finance farm real estate transfers in 1939. The lower farm income of 1938 has tended to reduce voluntary transfers of farm real estate and to reduce land values slightly, but with the anticipated increase in farm income in 1939 prospective farm owners may take advantage of any reduction in land values to purchase farms. Interest rates on farm-mortgage loans will continue to be low in 1939, a factor tending to encourage the borrowing of money to purchase farms, but this may be offset to some extent by a slight upward trend of farm real estate taxes.

#### Total Farm-Mortgage Debt Down 2 Percent in 1937

Total farm-mortgage debt decreased about \$173,000,000, or more than 2 percent during 1937, and the farm-mortgage loans held by a group of leading lending agencies, accounting for about 60 percent of the entire farm-mortgage debt, decreased about 1 percent during the first half of 1938 (fig. 1). The estimated outstanding farm-mortgage debt of \$7,082,000,000 for January 1, 1938, is 7 percent below the total for January 1, 1935, and 23 percent below the total for January 1, 1930. The estimated total volume of farm mortgages recorded during the first half of 1938 amounted to \$392,000,000, an amount 6 percent less than for the first half of 1937 and 60 percent less than for the first half of 1934.

The declining volume of farm-mortgage recordings indicates a return to a more normal type of activity in farm-mortgage credit than that which prevailed during the period, 1934-36, when large amounts of farm debt were shifted from private lenders to federally sponsored agencies. Moreover, the increased proportion of farm-mortgage debt now held by agencies specializing in long-term-amortized loans, and the increased volume of such loans made by commercial banks and individuals tend to reduce the annual volume of mortgages maturing and requiring refinancing. Should increases in farm-

#### TREND OF FARM-MORTGAGE HOLDINGS OF PRINCIPAL LENDING AGENCIES, 1914-JUNE 30, 1938



U. S. DEPARTMENT OF AGRICULTURE

Figure 1.

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mortgage recordings occur in the next few years, they would probably be associated with increased activity in the real estate market and with increased needs of farmers for equipment and improvements.

#### Loans of Federally Sponsored Agencies are Decreasing

The farm-mortgage loans held by the Federal land banks and the Land Bank Commissioner declined \$44,300,000 or about 1.5 percent in the first half of 1938, although these agencies closed \$45,700,000 of new loans during this period (fig. 2). Principal repayments to these agencies amounted to \$56,700,000, or about \$11,000,000 more than the new loans closed and the remainder of the reduction is accounted for mainly by foreclosures. This is a continuation of a similar trend which appeared in the preceding year. During the year ended December 31, 1937, outstanding mortgage loans of these two federally sponsored agencies declined \$53,000,000, new loans closed amounted to \$103,100,000, and principal repayments amounted to \$114,800,000, or about \$11,700,000 more than the new loans closed during 1937.

As of June 30, 1938, matured installments had been paid in full on 78.5 percent of all outstanding Federal land bank loans as compared with 77.8 percent a year earlier and 75 percent on June 30, 1935 (table 3).

Table 3.-Condition of Federal land bank loans outstanding,  
June 30, 1936, 1937, and 1938 by geographic divisions<sup>1/</sup>

Geographic division	Percent of loans with all matured installments paid by borrowers			Percent of loans delinquent, in- cluding loans with delinquent installments and/or delin- quent extensions			Percent of loans with all matured installments ex- tended but with no delinquency in such extensions		
	1936:	1937:	1938:	1936:	1937:	1938:	1936:	1937:	1938:
North Atlantic	84.7:	90.0:	88.8:	14.8:	9.4:	10.8:	.5:	.6:	.4
East North Central	85.0:	88.2:	87.9:	11.8:	8.1:	9.7:	3.2:	3.7:	2.4
West North Central	69.0:	65.4:	66.7:	21.2:	12.6:	16.2:	9.8:	22.0:	17.1
South Atlantic	75.5:	81.1:	83.3:	13.9:	8.2:	7.8:	10.6:	10.7:	8.9
South Central	73.6:	79.1:	80.3:	14.2:	11.1:	12.2:	12.2:	9.8:	7.5
Western	71.7:	77.9:	77.3:	21.2:	16.0:	18.8:	7.1:	6.1:	3.9
United States	75.0:	77.8:	78.5:	16.5:	11.2:	13.1:	8.5:	11.0:	8.4

<sup>1/</sup> Source: Farm Credit Administration

#### Life Insurance Company Holdings Decrease; New Loans Increase

The outstanding farm-mortgage loans held by life insurance companies declined about \$4,500,000 during the first half of 1938, following declines of about \$41,000,000 during 1937 and \$118,000,000 during 1936 (fig. 1). The estimated volume of new mortgages recorded by life insurance companies, however, was about \$74,500,000 in the first half of 1938 as compared with \$69,500,000 for the first half of 1937 (fig. 2). During the entire year of 1937 these agencies recorded about \$128,000,000 of new farm-mortgage loans as compared with only \$45,700,000 in 1934. As life insurance company loans usually are made for shorter terms than those by the federally sponsored agencies, a larger part of their total recordings consists of refinancing and renewal loans having no net effect on the total amount of their farm-mortgage holdings. The tapering off of the decline in the farm mortgages held by these companies reflects not only the increasing volume of their new mortgage loans but also the decreasing volume of their farm-mortgage foreclosures.

#### Commercial Bank Holdings Continue to Increase

Farm-mortgage loans held by commercial banks rose during the first half of 1938, reflecting in part the usual seasonal fluctuation resulting from the use of real estate security for crop-production loans, but also in part an upward movement that has been evident the last 2 years (fig. 1). Although estimates indicate that the amount of new mortgage loans recorded by commercial banks was slightly smaller in the first half of 1938 than in the first half of 1937, even at this reduced level recordings were considerably above the levels of 2 and 3 years ago. The rise in farm-mortgage loans held by commercial banks during the last 2 years has been associated with the increased volume of their new loans, and with a great decrease in the volume of mortgages liquidated through refinancing by Federal agencies.

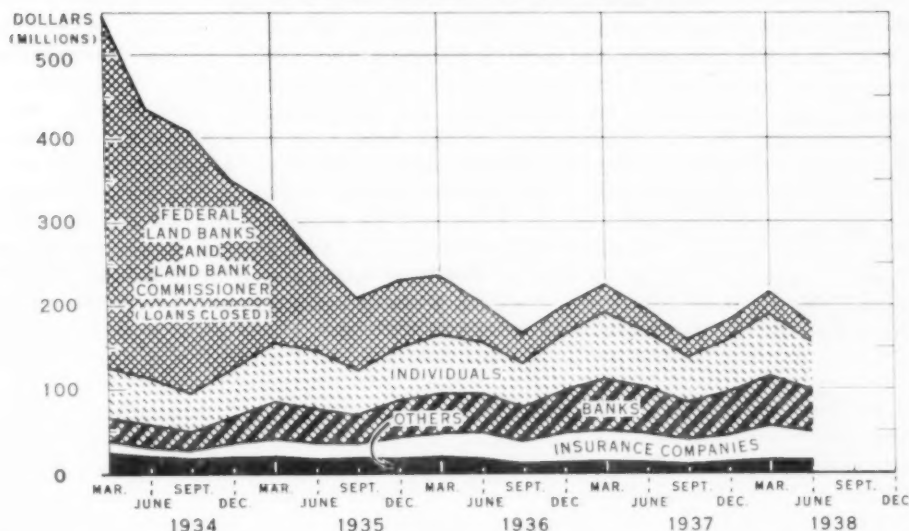


There also has been a substantial decline in the volume of their mortgage foreclosures.

#### Additional Funds are Available for Tenant-Purchase Loans

For the fiscal year, 1938-39, \$23,750,000 will be available for tenant-purchase loans under the Bankhead-Jones Farm Tenant Act as compared with \$9,200,000 in 1937-38, the first year of the tenant-purchase program.

#### AMOUNT OF FARM LOANS RECORDED QUARTERLY, UNITED STATES, 1934-38



U. S. DEPARTMENT OF AGRICULTURE

Figure 2.

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Last year loans were made in 333 counties. The increased appropriation this year will permit lending in 398 additional counties, making a total of 731 counties eligible to receive tenant-purchase funds. The Bankhead-Jones Act authorizes an appropriation of \$50,000,000 for the year beginning July 1, 1939, which if made would permit further expansion of this lending program.

Tenant-purchase loans, made for a 40-year period at 3 percent interest, are for the purchase of family-sized farms, and may not exceed \$12,000 to any one farmer. The amortization and interest payments required of borrowers amount to 4.3 percent of the principal annually. First mortgages or deeds of trust on farm property are taken to secure the loan. Farm tenants, sharecroppers, farm laborers or others with recent farming experience who live in counties selected for tenant-purchase loans may apply for these funds if they cannot obtain adequate credit from any other source. Farm owners are not eligible for these loans.

#### Federal Housing Administration Authorized to Insure Farm Loans

New amendments to the National Housing Act authorize the Federal Housing Administration to insure mortgage loans on farm real estate under certain prescribed conditions. This new legislation is designed to encourage lending institutions to pursue more liberal loan policies. The principal

restriction on the type of farm mortgages eligible for insurance is that not less than 15 percent of the proceeds of the loans must be expended for materials and labor in connection with the construction or repair of farm buildings. A total of 870 applications for insurance of farm mortgages was received by the Federal Housing Administration from May 15 to August 31, 1938, and 141 of these were accepted.

#### Debt-Adjustment Activities will be Continued

Many farmers continue to require assistance in obtaining adjustment of their debts and conciliation of creditors' claims. In addition to the informal agreements reached between borrowers and lenders, the Farm Security Administration, working in conjunction with county committees appointed by State governors, provides a more or less formal means of mediation. During the fiscal year 1937-38, 16,663 individual cases were handled by the Farm Security Administration, with the result that farm debts amounting to \$56,500,000 were reduced by \$13,700,000. Thirty-three group cases, involving 4,421 farmers, were handled, which resulted in a reduction of \$3,200,000 out of \$5,100,000 of debts. During 1936-37, 27,011 individual cases were handled, with a reduction of \$25,400,000 out of debts totaling \$96,200,000. Sixteen group cases, involving 2,593 farmers in 1936-37 resulted in reductions of \$2,000,000 out of debts amounting to \$3,300,000.

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Farm Mortgage Recordings - An analysis of the average interest rates, average size of loans and proportion of loans recorded each year 1917-35 by lending groups is contained in a series of State reports, 29 of which have been issued.

Reports are now available for the following States: Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Ohio, Indiana, Illinois, Michigan, Wisconsin, Iowa, North Dakota, South Dakota, Delaware, Maryland, Virginia, West Virginia, North Carolina, South Carolina, Florida, Kentucky, Tennessee, Louisiana, Colorado, and Oregon.

In each of the 29 States, individuals and national and State banks recorded annually a higher proportion of loans than other lenders during the period 1917-32. From 1933 to 1935, the refinancing program of the Federal land banks and the Land Bank Commissioner caused these federally sponsored agencies to become the predominant lenders.

These reports, available upon request from the Bureau of Agricultural Economics, are prepared from data obtained through a Nation-wide W. P. A. project sponsored by the Works Progress Administration and the Bureau of Agricultural Economics.

## PROGRESS IN GOVERNMENT CROP INSURANCE

William H. Rowe<sup>1/</sup>

Since the organization of the Federal Crop Insurance Corporation in March 1938, active steps have been taken to make crop insurance available to farmers. During the current year such insurance has been limited solely to growers of wheat.

Arrangements were worked out with the Agricultural Adjustment Administration for the use of its county committees as the local units for handling the insurance and for the assistance of the State committee in supervising the work. In county offices and in State offices, insurance supervisors were appointed. An educational campaign was organized and carried out beginning with a national meeting and followed by State, district, county and community meetings. Branch offices were set up at Kansas City and Minneapolis with a small one for the eastern States at Washington, D.C. Actual insurance operations are carried on from these branch offices.

By the middle of June some of the counties that got away to an early start were taking applications for insurance on the winter wheat crop to be planted this year. By and large, however, most of the applications were taken in July and August. Most of the applications during the early weeks came from Ohio. Inasmuch as farmers who were anticipating applying for insurance did not know until a late date what their wheat acreage allotments would be, many of the applications were received near the close of the acceptance period.

August 31 was the closing date for accepting applications on winter wheat, except for certain far-western States and the eastern seaboard States. By that date, nearly 200,000 applications had been received in county offices from wheat growers in 20 States. These were virtually all for insurance on winter wheat. Applications for insurance on spring wheat will be accepted until a closing date next spring. That date has not been set as yet.

### Number of Applications Received

About 28,000 applications were received from Nebraska farmers. Missouri had about 30,000 applications, Kansas 26,000, Ohio 25,000, Illinois 22,000, Indiana 20,000, Oklahoma 13,000, Michigan 9,500, Iowa 6,500, Minnesota 7,500, Texas 5,500. (Many spring wheat applications are expected later in Minnesota.) Other States had a smaller number of applications. The picture is perhaps a little clearer when shown on the basis of acreage. The

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<sup>1/</sup> Senior Agricultural Economist, Bureau of Agricultural Economics.

following figures are the approximate percentage relationship between the acreage for which applications have been received and the average wheat acreage seeded for the years 1930 to 1937, inclusive:

Illinois . . . . .	27%	Kansas . . . . .	15%
Iowa . . . . .	32%	Missouri . . . . .	48%
Ohio . . . . .	18%	Indiana . . . . .	22%
Michigan . . . . .	14%	Minnesota . . . . .	15%
Nebraska . . . . .	37%	Texas . . . . .	17%
Oklahoma . . . . .	17%		

As a large proportion of the applicants are staying within their wheat acreage allotments for 1939, which were made available after many of the crop insurance applications had been made, the acreage covered will be somewhat smaller than now indicated by the applications. Furthermore, premiums may not be collected on all applications so that the above percentages are probably higher than the final figures will be.

As between counties within States, the results have been spotted; some counties might have only a few applications, while adjoining counties have hundreds. In general, where the county committee was convinced of the soundness of the program, was enthusiastic about it, and had initiative and resourcefulness, participation in the program was large.

The number of applications for insurance received from east of the Mississippi River was much larger than had been anticipated. Earlier, it seemed likely that there would be insufficient demand for the insurance to warrant setting up an organization in that area. Obviously, such was not the case. It is true that east of the Mississippi River the acreage of wheat per farm is small, but the number of applications received indicates that people of those States are definitely interested in this type of protection. A factor that may have contributed to the demand for insurance in these States was the fact that premium rates are fixed to cover the risk of loss in the local area and do not include something to help pay losses in the high risk areas of the Great Plains.

Strenuous efforts were made to complete the campaign in most winter wheat States by August 31. Consequently some of the office work in the counties was delayed until after the campaign was over. Furthermore, the applications were reviewed in the State offices and many were returned to the counties for correction. All this delayed the arrival of the applications at the branch offices of the Corporation.

By October 27 about 210,000 applications had been received at the branch offices. This included applications for insurance on spring wheat and from winter wheat States other than those where the final date for taking applications was August 31. By October 27, about 187,000 premium notices had been sent out from the branch offices.

By October 28, approximately 63,000 premiums had been received at the branch offices. November 19 has been set as the final date for acceptance of premiums in States where August 31 was set as the final date for

acceptance of applications. With the approach of that date premiums will come in much more rapidly.

#### Premiums Influenced by Variability in Yields

Each farm has a separate premium rate. That rate is determined by averaging the crop loss experience for the farm with the crop loss experience for the county. The crop loss experience for the farm is determined from the record of annual yields. It is merely an average of the losses per acre that would have been suffered on such farm had an insurance policy been in force during past years. The crop loss experience for the county has been determined in a similar manner by actuarial studies of sample data.

In determining premium rates for crop insurance, variability in yields is, therefore, as important as the average size of yields. Unlike hail insurance policies where a common rate is applied to all farms in an area, the Corporation uses a separate rate for each farm. The amount of premium that the farmer pays for hail insurance depends upon the amount of insurance that he takes out. Thus, if farmer Jones takes out one and one-half times as much hail insurance as farmer Smith, his premium will be one-half times as large, providing both are in the same rate zone. Under the crop insurance plan, however, farmer Jones might have one and one-half times as large a coverage as farmer Smith, but his premium might be lower. This would be the case if past experience shows that his yields are more regular and less variable than the yields on Smith's farm.

The amount of premium is determined in bushels of wheat of a specified class and grade, that specified class of wheat being the one most commonly produced in the area. That class and grade is the basis of settlement of claims for losses as well as the basis for fixing premiums. Premiums may be paid either in warehouse receipts for grain of the specified class and grade or for certain other grades. The premium may also be paid in the cash equivalent of such wheat. Most of the payments are being made in cash. Some farmers, however, desire to pay in wheat and this is possible where they can obtain a negotiable warehouse receipt. In many communities, however, elevators are not able to issue negotiable receipts. When a premium is received in the form of a warehouse receipt, the local official of the insurance corporation may sell such wheat locally and transmit the cash to the Corporation.

#### Difficult Problems Encountered

Where historical yield data for farms were not available, it was necessary to appraise yields and loss experience on such farms. This necessitated the development and adoption of a procedure that would simplify and standardize the work of county officials. Crop insurance officials of each county were advised to select farms representative of all areas and types of operation in the county for which reliable data in years of the base period were available. The data of some fifty or one hundred representative farms were then tabulated and the location of such farms shown on a county map. With this background of information it was easier to arrive at a reasonably accurate estimate of the yield and loss experience for farms for which historical



data were not available. Prior to the adoption of this plan appraisals of yields were tending to cluster about the county average. Acceptance of such appraisals as the basis for insurance would of course result in heavy losses on those farms whose yields were appraised too high and would work an injustice in those cases where the appraisal was too low.

Yield data and appraisals submitted as the basis for insurance were checked in State offices and by the statistical units in the branch offices. Constant comparisons were made of the data submitted with the data for sample farms used to derive the actuarial basis for the insurance. Comparison was made not only of the average level of yields and crop loss experience but of the dispersion about the average.

Another difficulty arose from the fact that the Corporation's campaign to get applications was in operation before the Agricultural Adjustment Administration had made the wheat acreage allotments available. As a result, many farmers, not knowing what acreage they would plant to wheat, were also uncertain as to the location of such wheat on their farm and, consequently, delayed filing of applications until such allotment figures were available. Many farmers who applied early for insurance discovered after receiving their allotment figures that they had applied for insurance on a wheat acreage larger than they would actually plant. As a consequence, it was necessary to set up a procedure whereby a correction to the application could be made.

Provision was made by Congress last summer that an individual could pay premiums for one year in advance. This action was taken after the regulations and forms of the Corporation had been prepared. It was necessary, therefore, to change the regulations and some of the forms and to set up a special procedure for those cases where the farmer anticipated making such an advance payment.

In quite a few States, because of the delays mentioned, and others, it was necessary to extend the period originally set for taking applications. The closing date for much of the winter wheat area was originally set as August 15, but because of the delays, an extension was made to August 31. It is the plan of the Corporation, however, to set a closing date for taking applications before the season has advanced far enough so that current weather conditions have an appreciable bearing on the prospects for a crop.

In some areas where the 1938 wheat crop has been small or a complete failure and where wheat is the principal source of income many farmers will be unable to obtain insurance because of inability to pay the premium. While the insurance policy may be assigned as collateral security for a loan for payment of the premium or for care of the crop, many farmers are so deeply in debt that they are unable to obtain further advances or have no sources of credit available. The Farm Security Administration will finance the premium requirements of its clients in cases where it deems that insurance is desirable.

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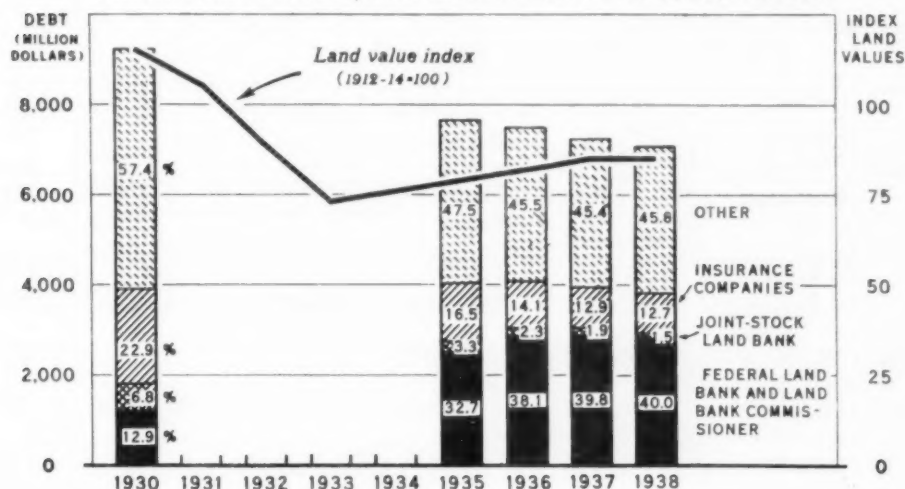
# TREND OF FARM-MORTGAGE INDEBTEDNESS

CONTINUES DOWNWARD IN 1937 . . . .

Donald C. Horton and E. J. Engquist, Jr. 1/

Total farm-mortgage indebtedness in the United States declined further during 1937. The drop was 2.4 percent compared with a decline of 3.3 percent in 1936 and 1.9 percent in 1935. The farm-mortgage debt on January 1, 1938 was 23.1 percent below that for January 1, 1930.

## TOTAL FARM MORTGAGE DEBT; PERCENTAGE HELD BY PRINCIPAL LENDER GROUPS AND TREND OF FARM REAL ESTATE VALUES, 1930-38



U. S. DEPARTMENT OF AGRICULTURE

Figure 1

NEG. 34757

BUREAU OF AGRICULTURAL ECONOMICS

The volume of farm-mortgage debt outstanding January 1, 1938, is estimated at \$7,082,156,000, of which 40 percent was held by the Federal land banks and the Land Bank Commissioner, 1.5 percent by the joint-stock land banks, 12.7 percent by life insurance companies, and 45.8 percent by other lenders, including individuals, commercial and savings banks, mortgage companies, and other miscellaneous lenders.

The farm-mortgage debt estimates for January 1, 1930, and at the beginning of the years 1935 to 1938 are shown in table 1 and figure 1 together with the farm-mortgage loans of the leading lending groups. In table 2 are presented data on the farm-mortgage holdings of four groups of

1/ Mr. Horton is Agricultural Economist and Mr. Engquist, Associate Agricultural Economist, Bureau of Agricultural Economics.

lenders by geographic divisions for January 1 in the same years.

Total farm-mortgage loans held by the Federal land banks and the Land Bank Commissioner declined slightly in 1937 after a continuous rise for several years. Declines occurred in all geographic divisions except the New England and the Middle Atlantic States. The mortgage loans of the joint-stock land banks, which are in liquidation, continued to decline in 1937. The total of life insurance company holdings of farm mortgages declined still further, although rises occurred in five of the nine geographic divisions. The declines occurred in the New England States, East and West North Central States and in the West South Central States. However, 86 percent of the farm mortgages held by life insurance companies at the beginning of 1938 were on farms in these four geographic divisions. In 1935 the farm-mortgage loans of life insurance companies declined in all geographic divisions, and in 1936 declines occurred in all but the South Atlantic States where the rise was nominal. Total farm-mortgage loans of the remaining lenders declined still further in 1937, although rises occurred in the New England, South Atlantic and East South Central States.

Table 1.- Estimated farm-mortgage debt and farm-mortgage loans of leading lending agencies, Jan. 1, 1930-38

Year	Total farm- mortgage debt	Farm-mortgage loans of leading lending agencies				
		Federal land banks and Land Bank Com- missioner <sup>1/</sup>	Joint- stock land banks	Life insurance companies	Open State and nation- al banks	Three State credit agencies <sup>2/</sup>
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
1930	9,214,278	1,185,765	626,980	2,105,477	---	93,274
1931	---	1,175,832	590,811	2,059,221 <sup>3/</sup>	945,172	92,698
1932	---	1,151,659	536,644	2,007,361	---	93,014
1933	---	1,105,610	459,183	1,869,160	---	84,075
1934	---	1,273,881	392,438	1,661,046 <sup>3/</sup>	555,885	79,574
1935	7,645,091	2,501,824	255,931	1,258,900	498,842	62,286
1936	7,500,489	2,853,966	175,677	1,054,770	487,505	48,091
1937	7,254,821	2,888,912	133,499	936,454	487,534	32,657
1938	7,082,156	2,835,962	104,163	895,470	501,450	24,657

<sup>1/</sup> Excluding Puerto Rico.

<sup>2/</sup> Rural Credit Board of South Dakota, Bank of North Dakota and Department of Rural Credit of Minnesota.

<sup>3/</sup> June 30.



Table 2.- Farm-mortgage loans held by lending groups, January 1, 1930, 1935, 1936, 1937, and 1938

Geographic division	Federal land banks and Land Bank Commissioner 1/					
	1930	1935	1936	1937	1938	
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
New England .....	20,316	35,340	40,363	42,442		43,255
Middle Atlantic .....	46,952	81,890	89,825	91,646		93,469
East North Central .....	179,194	474,977	573,720	586,206		572,628
West North Central .....	292,247	307,962	975,099	1,011,471		1,000,306
South Atlantic .....	103,186	192,891	200,215	191,833		185,126
East South Central .....	130,706	183,612	188,225	181,441		174,128
West South Central .....	224,043	361,991	383,853	383,718		372,223
Mountain .....	108,945	156,210	175,904	172,630		169,093
Pacific .....	79,576	204,951	226,762	227,525		225,734
United States .....	1,185,765	2,501,824	2,853,966	2,888,912		2,835,962
Joint-stock land banks						
New England .....	-	-	-	-		-
Middle Atlantic .....	23,331	10,066	7,733	6,652		5,925
East North Central .....	147,405	68,658	45,257	35,944		30,053
West North Central .....	186,831	56,577	32,995	23,375		17,423
South Atlantic .....	78,071	27,842	21,652	17,889		14,505
East South Central .....	26,833	10,657	8,328	5,721		4,075
West South Central .....	98,862	50,871	40,113	31,203		25,428
Mountain .....	22,840	12,347	8,493	5,341		3,699
Pacific .....	42,707	18,913	11,106	7,374		3,055
United States .....	626,980	255,931	175,677	133,499		104,163
Life insurance companies						
New England .....	34	35	30	20		11
Middle Atlantic .....	470	501	489	461		572
East North Central .....	370,366	249,716	213,402	189,459		187,111
West North Central .....	1,224,577	692,395	569,958	495,291		455,609
South Atlantic .....	57,332	26,267	20,031	20,099		27,621
East South Central .....	94,254	51,181	44,055	41,024		42,299
West South Central .....	257,422	168,941	141,421	130,552		126,908
Mountain .....	40,091	20,962	16,262	16,698		17,030
Pacific .....	60,931	46,902	41,122	36,850		38,309
United States .....	2,105,477	1,258,900	1,054,770	936,454		895,470
Others 2/						
New England .....	131,234	146,577	143,169	144,129		146,069
Middle Atlantic .....	389,829	317,273	309,359	305,905		300,661
East North Central .....	1,154,340	739,584	683,350	658,277		642,229
West North Central .....	1,797,527	1,119,133	1,014,350	919,319		885,916
South Atlantic .....	219,345	152,946	150,789	153,720		156,318
East South Central .....	126,786	103,516	102,781	108,185		113,853
West South Central .....	463,877	295,734	286,063	280,473		275,889
Mountain .....	362,180	270,912	262,338	257,581		252,995
Pacific .....	653,938	482,761	463,877	468,367		472,631
United States .....	5,296,056	3,628,436	3,410,076	3,295,956		3,246,561

1/ Land Bank Commissioner loans were first made in 1933.

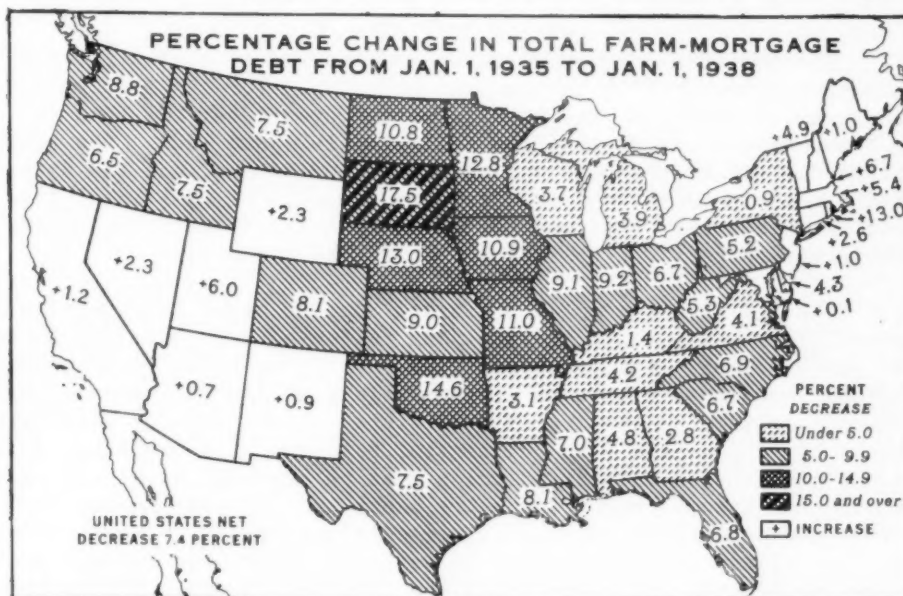
2/ Includes individuals, State and national banks, mortgage companies and other miscellaneous lenders.

Table 3.- Estimated farm-mortgage debt January 1, 1930, 1935, 1936, 1937, and 1938

State and geographic division	Percentage :			Percentage :			Percentage :		
	increase or :			increase or :			increase or :		
	decrease :			decrease :			decrease :		
	1930	1935	1936	1937	1938		1930	1935	1936
	1,000	1,000	1,000	1,000	1,000		1,000	1,000	1,000
	dollars	dollars	dollars	dollars	dollars	Percent	dollars	dollars	dollars
Maine .....	26,595:	31,442:	32,462:	+ 3.2	32,153:	- 1.0	31,745:	- 1.3	
New Hampshire .....	10,632:	11,335:	11,850:	+ 4.6	11,910:	+ .5	12,097:	+ 1.6	
Vermont .....	32,749:	32,288:	32,296:	+ .0	33,230:	+ 2.9	33,878:	+ 2.0	
Massachusetts .....	45,782:	53,270:	53,232:	- .1	54,618:	+ 2.6	56,131:	+ 2.8	
Rhode Island .....	4,009:	4,526:	4,762:	+ 5.2	4,959:	+ 4.1	5,114:	+ 3.1	
Connecticut .....	31,817:	49,091:	48,960:	- .3	49,721:	+ 1.6	50,370:	+ 1.3	
New England .....	151,584:	181,952:	181,562:	+ .9	186,591:	+ 1.7	189,335:	+ 1.5	
New York .....	237,003:	212,154:	212,845:	+ .3	212,122:	- .3	210,252:	- .9	
New Jersey .....	55,107:	49,888:	49,720:	- .3	49,953:	+ .5	50,383:	+ .9	
Pennsylvania .....	168,472:	147,688:	144,841:	- 1.9	142,589:	- 1.6	139,992:	- 1.8	
Middle Atlantic .....	460,582:	409,730:	407,406:	- .6	404,664:	- .7	400,627:	- 1.0	
Ohio .....	259,483:	225,930:	220,757:	- 2.3	213,899:	- 3.1	210,854:	- 1.4	
Indiana .....	248,759:	219,096:	211,882:	- 3.3	203,235:	- 4.1	198,989:	- 2.1	
Illinois .....	613,945:	471,188:	465,809:	- 1.1	444,212:	- 4.6	428,308:	- 3.6	
Michigan .....	225,102:	179,739:	179,471:	- .2	176,857:	- 1.5	172,817:	- 2.3	
Wisconsin .....	504,016:	436,382:	437,810:	+ .2	431,683:	- 1.4	421,053:	- 2.5	
East North Central:	1,851,305:	1,532,935:	1,515,729:	- 1.1	1,469,886:	- 3.0	1,432,021:	- 2.6	
Minnesota .....	492,800:	407,888:	406,865:	- .2	367,896:	- 9.6	355,601:	- 3.3	
Iowa .....	1,182,030:	809,432:	771,227:	- 4.7	742,294:	- 3.8	720,973:	- 2.9	
Missouri .....	384,413:	267,893:	254,222:	- 5.1	243,685:	- 4.1	238,470:	- 2.1	
North Dakota .....	225,152:	203,567:	207,893:	+ 2.1	190,336:	- 8.4	181,566:	- 4.6	
South Dakota .....	279,440:	210,515:	200,641:	- 4.7	186,252:	- 7.2	173,653:	- 6.8	
Nebraska .....	545,539:	448,294:	430,752:	- 3.9	409,327:	- 4.8	390,060:	- 4.8	
Kansas .....	392,408:	328,478:	320,802:	- 2.3	309,066:	- 3.7	298,931:	- 3.3	
West North Central:	3,501,782:	2,676,067:	2,592,402:	- 3.1	2,449,456:	- 5.5	2,359,254:	- 3.7	
Delaware .....	10,292:	10,452:	10,346:	- 1.0	10,189:	- 1.5	10,004:	- 1.8	
Maryland 1/ .....	55,315:	46,678:	47,490:	+ 1.7	47,288:	- .4	46,728:	- 1.2	
Virginia .....	81,799:	75,128:	74,485:	- .9	72,363:	- 2.8	72,081:	- .4	
West Virginia .....	23,532:	23,603:	23,430:	- .7	22,702:	- 3.1	22,342:	- 1.6	
North Carolina .....	100,914:	86,675:	84,818:	- 2.1	82,863:	- 2.3	80,658:	- 2.7	
South Carolina .....	57,964:	48,630:	48,106:	- 1.1	46,243:	- 3.9	45,384:	- 1.9	
Georgia .....	87,244:	76,975:	75,894:	- 1.4	75,299:	- .8	74,856:	- .6	
Florida .....	37,874:	33,805:	34,118:	+ .9	32,594:	- 4.5	31,515:	- 3.3	
South Atlantic .....	444,934:	401,946:	398,687:	- .8	389,541:	- 2.3	383,570:	- 1.5	
Kentucky .....	105,007:	101,237:	100,998:	- .2	100,746:	- .2	99,863:	- .9	
Tennessee .....	91,881:	83,861:	83,252:	- .7	82,166:	- 1.3	80,345:	- 2.2	
Alabama .....	87,274:	78,564:	76,369:	- 2.8	75,112:	- 1.6	74,788:	- .4	
Mississippi .....	94,417:	85,304:	82,773:	- 3.0	78,347:	- 5.3	79,359:	+ 1.3	
East South Central:	378,579:	348,966:	343,389:	- 1.6	336,371:	- 2.0	334,355:	- .6	
Arkansas .....	97,032:	71,155:	71,227:	+ .1	69,406:	- 2.6	68,977:	- .6	
Louisiana .....	70,802:	55,225:	53,521:	- 3.1	51,816:	- 3.2	50,753:	- 2.1	
Oklahoma .....	240,486:	196,283:	186,147:	- 5.2	176,827:	- 5.0	167,623:	- 5.2	
Texas .....	635,984:	554,874:	540,555:	- 2.6	527,897:	- 2.3	513,091:	- 2.8	
West South Central:	1,044,304:	877,537:	851,450:	- 3.0	825,946:	- 3.0	800,448:	- 3.1	
Montana .....	120,469:	99,918:	100,606:	+ .7	96,603:	- 4.0	92,423:	- 4.3	
Idaho .....	103,663:	97,366:	96,389:	- 1.0	92,442:	- 4.1	90,033:	- 2.6	
Wyoming .....	43,873:	43,873:	44,488:	+ 1.4	44,937:	+ 1.0	44,666:	- .2	
Colorado .....	137,865:	112,504:	111,655:	- .8	107,120:	- 4.1	103,390:	- 3.5	
New Mexico .....	30,098:	23,692:	24,523:	+ 3.5	24,135:	- 1.6	23,894:	- 1.0	
Arizona .....	34,683:	27,045:	26,834:	- .8	27,157:	+ 1.2	27,228:	+ .3	
Utah .....	48,639:	43,358:	46,147:	+ 6.4	45,985:	- .4	45,976:	2/	
Nevada .....	14,852:	14,675:	14,355:	- 2.1	13,871:	- 3.4	15,007:	+ 8.2	
Mountain .....	534,056:	462,431:	464,997:	+ .6	452,250:	- 2.7	442,817:	- 2.1	
Washington .....	141,577:	136,709:	133,820:	- 2.1	127,930:	- 4.4	124,657:	- 2.6	
Oregon .....	122,123:	119,670:	118,676:	- .8	115,174:	- 3.0	111,894:	- 2.8	
California .....	573,452:	497,148:	490,371:	- 1.4	497,012:	+ 1.4	503,178:	+ 1.2	
Pacific .....	837,152:	757,527:	742,867:	- 1.4	740,116:	- .4	739,729:	- .1	
United States ... :	9,214,278:	7,645,091:	7,500,489:	- 1.9	7,254,821:	- 3.3	7,082,156:	- 2.4	

1/ District of Columbia figures included with Maryland. 2/ Less than 0.05 percent decrease.

The data on farm-mortgage loans held by the federally sponsored credit agencies and for the joint-stock land banks are taken directly from reports of the Farm Credit Administration. Those for life insurance companies are compiled from the reports of individual companies except for a small amount that is estimated for a few companies. These three groups of lenders account for about 54 percent of the total outstanding farm-mortgage debt on January 1, 1938. For the remainder of the lender groups the change in outstanding farm-mortgage loans for 1937 is estimated by States from data on the volume of farm mortgages recorded and released during the year. 2/



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In table 3 are presented estimates of outstanding mortgage debt, by States and geographic divisions for January 1, 1930, and for January 1, 1935-38. The largest percentage decline in 1937 occurred in the West North Central States. For the region the reduction was 3.7 percent of the farm-mortgage debt outstanding at the beginning of the year. The largest percentage decline for any State was 6.8 percent for South Dakota. Other States with more than 4 percent declines in 1937 were Oklahoma (5.2 percent), Nebraska (4.8 percent), North Dakota (4.6 percent), and Montana (4.3 percent). The outstanding farm-mortgage debt increased in only one geographic division during the year (New England), although increases occurred also in New Jersey, Mississippi, Arizona, Nevada, and California. The increase for the New England States in 1937 continued the upward trend shown from 1930 to 1935 and for each subsequent year. Figure 2 shows the percentage change in farm-mortgage debt by States for the 3-year period from January 1, 1935 to January 1, 1938.

2/ The basic data from which these estimates are prepared are collected by the Farm Credit Administration. The data used in the estimates for earlier years are described in The Agricultural Finance Review, Vol. 1, p. 1.

## LOAN POLICIES OF COUNTRY BANKS AS INFLUENCED BY TYPE OF INVESTMENT HOLDINGS

Fred L. Garlock 1/

The position of country banks as a source of credit for agriculture has weakened perceptibly in the past 20 years. For the most part this change may be traced to the unsatisfactory credit service rendered by country banks during the depressions following 1920 and 1929. The shortages of bank credit which developed during these depressions, and the forced collection methods often employed, created demands for additional farm credit facilities that have been met partly by agencies established by the Federal Government and partly by privately controlled agencies.

The difficulties which prevented country banks from serving satisfactorily as local credit institutions following 1929 were due in considerable part to their investment policies. Prior to 1929, such banks had not provided themselves with a sufficient volume of securities that could be collected or sold under adverse conditions. Since country banks as a rule entered the depression with substantial holdings of securities, the shortcomings of their investment policies must be ascribed mainly to an improper selection of securities. If country banks are to serve in the future as important and dependable sources of agricultural credit it seems necessary that their investment programs should be designed to provide greater protection against depression influences than the programs in force before 1929. This will require that more attention than formerly be paid to the ratings and maturities of bonds selected for investment.

It is generally agreed that the investment policy of any financial institution should be adapted to the peculiar needs of that institution. For country banks many authorities recommend that an investment policy be decided upon only after careful consideration of the character and behavior of the deposit liabilities and the nature of the loan accounts. This is excellent advice so long as it is understood correctly. But misunderstandings arise so easily that a few words may properly be devoted to the country bank's investment requirements before the ratings and maturities of bonds are discussed.

### Investment Requirements of Country Banks

First it should be recognized that seasonal requirements, and requirements growing out of localized disturbances, such as crop failures, do not present very difficult problems from the standpoint of investment policy. Seasonal requirements may be anticipated and measured with considerable accuracy. Moreover, except in a few sections of the country, no large part of

1/ Senior Agricultural Economist, Bureau of Agricultural Economics.

the securities owned by country banks are held for the purposes of meeting seasonal requirements. Localized disturbances may place a severe strain on a country bank's liquid resources, but are not accompanied, except accidentally, by general weakness in the markets for securities. Hence country banks need not be very selective in their purchases of securities to obtain protection against this type of disturbance.

The principal investment problem of country banks is to provide against the strains that are associated with severe business depressions. Since it usually is impossible to foretell when depressions will occur, or how severe they will be, country banks can only guess at the strains that may be imposed upon them from this source. Their problem is complicated further by the knowledge that, as a rule, the greater the need for liquidity in a time of business depression, the fewer will be the assets which prove to be liquid.

When, therefore, a country banker is advised to study the behavior of his deposit accounts before deciding upon an investment policy, it is not sufficient to study the seasonal behavior of deposits or their behavior during periods of localized disturbance. Instead the country banker should refer back to the deposit shrinkages his own bank has sustained in periods of severe depression. And he also should look about him to see how great were the shrinkages sustained by other banks, since his own bank may have had an easy escape. If, as this is done, he also compares the behavior of time and demand accounts, he is likely to find that one type has been as susceptible to depression influences as the other. This doubtless will lead him to the conclusion that he had better disregard time and demand classifications of deposits when calculating the need for liquidity to protect his bank against potential deposit shrinkages. From 1929 to 1933 the total deposits of many country banks were reduced more than 50 percent.

In analyzing his loans the country banker will be impressed by the fact that some types of loans have proved much more liquid than others, and he may be able to make a fairly good estimate of the collections that could be effected under varying degrees of depression or local disturbance. The natural tendency of country bankers is to add the liquid elements in the loans to the other liquid assets of the bank and count the total of these items as available for meeting deposit shrinkages. Views doubtless will differ on this point, but in the writer's opinion only that part of the loans which borrowers appear able to pay without serious interference with their current operations should be counted as available for meeting deposit shrinkages. Nor should it be overlooked that, no matter how depressed conditions may become, borrowers will continue to need new loans for operating purposes.

#### Volume of "Capital" Loans Must be Considered

Provision for the combined requirements of local depositors and borrowers during periods when deposits are declining and the value structure is crumbling requires, as a rule, that country banks must hold a substantial volume of assets that possess two qualities. First, they must be highly



resistant to price-depressing influences; and second, they must not be local obligations.

Now and then a country bank may be found which has so large a volume of current operating loans that substantial shrinkages of deposits may be met from loan collections without curtailing loans any more than local borrowers' requirements for credit are reduced when prices and business activity decline. But these are exceptional cases. Most country banks are heavily loaded with "capital" loans, and should be, since they serve as savings institutions as well as commercial banks. Such banks cannot adjust their local loans to large shrinkages of deposits without drastically restricting new loans and pressing for collection of outstanding loans. They can operate efficiently as local credit institutions at a time when their deposits are declining only if they hold, and can realize upon, nonlocal assets.

Bonds will meet the requirements of such banks for nonlocal assets and the problem facing country bankers is to select the kinds of bonds that will not be depreciated heavily when there is need to realize upon them. It must be remembered that the need to collect or sell is likely to coincide with a depressed securities market. Therefore, the kind of liquidity which the country bank seeks is not to be judged by current marketability, "intrinsic worth", or "normal value", except as these considerations help to answer the question whether the bonds will be so resistant to depression influences that a country bank can realize upon them even if conditions generally turn bad. Insofar as the bank has funds to invest in bonds for the "long pull", a merely temporary depreciation of securities need cause no great concern. But even a temporary depreciation is serious if it occurs on bonds which country banks need to sell.

Now that the facilities available to banks for borrowing upon sound assets have been improved, it occasionally is questioned whether country banks will need to collect or sell bonds during periods of difficulty. There is no reason to doubt that these facilities may be of great assistance to country banks in meeting shrinkages of deposits and that they will be used extensively if other means of meeting such shrinkages fail. The natural tendency of country banks, however, is to try to adjust their assets to changes in their deposits, and country bankers generally do not feel that their institutions are in a comfortable position when borrowing heavily. For this reason it is doubtful if country banks can be depended upon to render a liberal loan service unless they can actually sell or collect bonds when deposits are shrinking.

#### Selecting the Right Type of Investments

What types of bonds possess a high degree of resistance to price-depressing influences? Probably no certain forecast can be made for the future, but country bankers may find useful guides to future experience in the behavior of various types of bonds during the period 1929 to 1935. A study of the behavior of domestic corporate bonds during this period was made in the Bureau of Agricultural Economics to provide rough criteria for

comparing the investment policies of a number of country banks whose experiences during the depression are being analyzed.

It was the general plan of the study to determine how investments in various classes of securities fared during the period 1929 to 1935. The data cover 5 rating classes and 6 maturity classes of securities, or a total of 30 rating-maturity classes. Each of these classes is represented by from 10 to 15 securities, and in most classes there is a fairly close approach to equal representation of railroad, utility, and industrial securities. The ratings used were those assigned in 1929 by one of the principal commercial rating agencies, and once a bond was placed in a given rating class it was continued there regardless of any changes that may have been made in its rating after 1929. For reasons of policy neither the name of this agency nor its rating symbols are revealed. Instead, the most highly rated securities are designated grade 1 securities, and securities of lower ratings are given correspondingly lower designations.

Table 1 shows the positions, as of the last of June 1932, of investments made during 1929 in securities of various ratings and maturities. The values given in the table refer to the percentages of the amounts originally invested that had been realized through collections or redemptions by the last of June 1932 or that presumably could be realized from sale of the unredeemed securities at the market prices prevailing at that time. For example, all of the securities in grades 1, 2, and 3 that matured during 1929 and 1930 had been paid by the last of June 1932, or refunded on terms that permitted the holder to receive cash payment; and the amounts received or receivable exceeded slightly the market values of the securities in 1929, since the securities were slightly below par at this earlier date. Relatively few of the securities maturing after 1932, however, had been paid or redeemed by the middle of 1932, hence the positions of investments in such securities were governed mainly by the prices quoted in 1932.

The values given in this table are not presented as a record of the manner in which the values of all investments were affected by redemptions or by market changes, for they are derived from only a small sample of the securities in each class. In all, however, more than 400 securities were covered by the tabulation, and this number should provide a reliable measure of the general relationships between redemptions and price movements and the ratings and maturities of the securities. These relationships are the main points to be observed.

In 1932 the extent of the depreciation of investments made in 1929 apparently was related closely to two factors: (a) the quality of the securities composing an investment, which presumably was indicated by the ratings, and (b) the maturities of the securities. The lower the grades and the longer the maturities of the securities, the greater was the depreciation. Thus in 1932, securities of grades 4 and 5 maturing in 1933 and 1934 apparently were worth about as much as securities of grades 2 and 3 maturing after 1950.

Unprecedentedly severe conditions prevailed in 1932, hence it is desirable to indicate how the positions of investments in securities differed

under more moderately depressed conditions, such as those prevailing in 1931 and 1935. Though no data are presented for these years, price depreciation under these conditions also varied with quality (rating) and maturity. As of the end of June 1931, high grade securities regardless of maturities were above their 1929 values, but medium grade securities of long maturities were substantially depreciated. Severe depreciation had occurred in low grade securities maturing after 1935. By the end of June 1935, grade 1 securities of all maturities had recovered to levels above those of 1929. But there was still substantial depreciation of securities in grades 2 and 3 having long maturities and most of the unmatured securities in grades 4 and 5 remained badly depreciated.

Table 1.- Percentages realized, or presumably realizable, as of the last of June 1932, from investments made in 1929 in corporate securities of various ratings and maturities.

1929 ratings : of securities	Maturities of securities						Average : of all : maturi- ties
	1929-30	1931-32	1933-34	1935-39	1940-49	1950 +	
	:Percent	:Percent	:Percent	:Percent	:Percent	:Percent	:Percent
Grade 1	: 101	: 101	: 86	: 90	: 95	: 87	: 93
Grade 2	: 101	: 101	: 95	: 76	: 74	: 60	: 84
Grade 3	: 102	: 100	: 73	: 75	: 63	: 51	: 77
Grade 4	: 96	: 89	: 57	: 61	: 36	: 38	: 63
Grade 5	: 100	: 65	: 59	: 40	: 30	: 26	: 53
Average of all grades	: 100	: 91	: 74	: 68	: 60	: 52	:

These data refer to the average extent of the depreciation in various classes of securities. It will be recognized, of course, that the depreciation on certain issues was offset to a greater or less extent by appreciation on other issues. From the standpoint of banking institutions which seek liquidity in their bond portfolios, it is more important to ascertain what proportions of the securities became badly depreciated than to measure the average amount of depreciation sustained. Table 2 shows the percentages of the total numbers of securities in the various classes that were depreciated more than 20 percent from their 1929 values in 1932. Banks seldom feel able to sell many badly depreciated securities because of the exhaustive effect of such sales upon their capital structures. For the purposes of a secondary reserve, consequently, it would appear that banks should select securities of which only small numbers are likely to become seriously depreciated in the event of an unfavorable turn.



From these data it seems clear that country banks may not safely venture very far in acquiring long maturities from among the medium grade bonds, and it is questionable if they are ever justified in acquiring low grade bonds. Though in the years immediately following 1929 low grade bonds with short maturities do not appear to have turned out any worse than many higher grade bonds with long maturities, those which matured after 1932 produced

Table 2.- Percentages of total numbers of bonds included in various rating-maturity classes that were depreciated more than 20 percent from their 1929 values as of the last of June 1932.

1929 ratings : of securities	Maturities of securities						:Average : of all : maturi- : ties
	:1929-30	:1931-32	:1933-34	:1935-39	:1940-49	: 1950+	
	:Percent	:Percent	:Percent	:Percent	:Percent	:Percent	:Percent
Grade 1	: 0	: 0	: 27	: 27	: 7	: 27	: 15
Grade 2	: 0	: 0	: 8	: 47	: 60	: 73	: 31
Grade 3	: 0	: 0	: 40	: 47	: 60	: 87	: 39
Grade 4	: 7	: 27	: 70	: 87	: 100	: 87	: 63
Grade 5	: 0	: 46	: 73	: 87	: 100	: 93	: 66
Average of all grades	: 1	: 15	: 44	: 59	: 65	: 73	:

immense losses. Judging from the experience of this period it would appear that country banks should maintain most of their corporate bonds within the following limitations:

- Grade 1 securities, diversified maturities
- Grade 2 securities, maturing within 5 years
- Grade 3 securities, maturing within 3 years
- Grade 4 securities, maturing within 1 year

These specifications are much more liberal than those commonly fixed in definitions of a secondary reserve. They are made as liberal as possible in the interest of providing for earnings but are restrictive in the sense that, if the experience of 1929-33 were repeated at some time in the future, neither depreciation nor loss of liquidity should be large. If a bank can obtain satisfactory earnings by confining its investments to very high grade securities, it by all means should do so. Long-term issues in any other than securities of the highest grade, however, involve risks that may seriously impair not only the banks' ability to meet their responsibilities to local patrons but also their own earning power and solvency.

### Investment Policy and Local Credit Needs

It is the opinion of the writer that the majority of country banks should not regard themselves to any important extent as "bond holding" institutions or rely upon making any large part of their earnings from bonds. The primary functions of most country banks are to serve as a safe depository for local funds and to finance local credit requirements. And the major role of the bond account is to assure that the country bank will be able to perform these functions effectively. Bonds should constitute an important part of the assets of most country banks, and may contribute a substantial part of bank earnings. The main contribution to be sought from bonds, however, is not earnings but such a degree of liquidity as will enable a country bank to meet the varied and often heavy demands which its own community may make upon it.

In estimating possible future local demands and in attempting to make adequate provision for them, country banks should consider carefully the enlarged lending powers of the Federal reserve banks, the lending facilities of the Reconstruction Finance Corporation, the facilities that have been established for refinancing the obligations of local borrowers, the stabilizing influence of the Federal Deposit Insurance Corporation, and the probable effects of the numerous other measures that have been, or may be, taken to stabilize our economic life. There are now many devices for the protection of country banks and their communities that were not present in times past. Country banks may also find protection for themselves and their communities in the securities markets if they will make their selections with the object of obtaining protection and not merely with a view to getting their money out at interest or making large speculative profits.

Insofar as country banks are justified in assuming long risks, they had better take them on local borrowers, over whose affairs they can exert some control, rather than on distant corporations which are independent of the country bank that holds their long-term obligations. Moreover, despite the great increase in lending facilities that has occurred in recent years, many borrowers depend primarily on their local banks for credit, and it surely is a matter of first importance that country banks remain continuously in position to meet the needs of these local parties. This they cannot do if the funds used in the bond market become frozen.

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## TREND AND PRESENT STATUS OF RURAL TAX DELINQUENCY 1/

Donald Jackson 2/

Tax delinquency is of significance to local public finance, private business and personal costs, security of credit, and property values. Yet it is impossible to state the extent and historical development of rural delinquency with desirable clarity. Statistics for the country as a whole are not available on a uniform basis.

In 1934, Nation-wide Civil Works Administration surveys were made of both rural and urban real estate tax delinquency, the former administered in the Bureau of Agricultural Economics, the latter in the Department of Commerce. While they both obtained valuable information, the period covered was short and they could not present summaries of the complete situation. In recent years, principally since 1930, some of the State governments have been making such segregations of data on collections as do give excellent indications of the extent of delinquency.

### Historical Trend

How much of a cycle existed in rural delinquency before the World War is uncertain. That there was no significant trend can be stated with fair assurance. Alabama, for example, had acute delinquency troubles in her early years of statehood. But that was the special case of a new government struggling to write workable laws and enforce them; it took time. The upper Lake States appear to have had a serious wave of delinquency between perhaps 1885 and 1900 and again a serious increase after 1910, but this was another special case. The difficulty arose in cut-over areas where assessment had delayed in recognizing that much real estate was losing nearly its entire value with deforestation.

Through the decade of the 1920's, the trend of rural delinquency appears confused. Many agricultural counties were sustaining excellent collection records; others were experiencing difficulty.

In this characterization reference is to the relation of total tax

1/This discussion is restricted principally to real estate delinquency on agricultural property. Obviously there is other important rural tax delinquency. The most important class closely related to that of agricultural property is the delinquency of forest cut-over lands. To a considerable extent agricultural and forest real estate is favorably or adversely affected by the same tax measures or characteristics. The Bureau of Agricultural Economics and the United States Forest Service have come to appreciate more and more in recent years the similarity of tax problems on agricultural and forest lands. Omitted also is all reference to rural special assessment problems, such as those of irrigation projects.

2/ Senior Agricultural Economist, Bureau of Agricultural Economics - Address, Annual Meeting of National Tax Association, Detroit, Mich., October 25, 1938.

receipts to levies. The year-to-year story of short-term delinquency may be quite different. The records of some agricultural counties in California show collections of better than 100 percent of levies in nearly every year since 1918, and in no year show any great deficiency. To some farmers of those counties the inability to meet all tax bills on time has been a costly experience; to the local fiscal systems such delinquency as a whole has brought greater revenue than was levied.

#### Development of the Acute Problem

Regarding the trend through the distress years 1929 to 1933, the survey of rural delinquency which the Bureau of Agricultural Economics administered for the Federal Civil Works Administration gives a good basis for judgment. Detailed summaries from that survey covered about 650 agricultural counties in the 48 States. Data were taken from the official records for the levy years of 1928 through 1932. The period covered essentially the complete development of farm tax delinquency into an extraordinary problem. Before 1928 delinquency was principally a matter of special cases; after 1932 the difficulty began to mend both from its fiscal and from its private cost aspects.

In 1928 something less than 12 percent of the area of the counties surveyed was tax delinquent. This figure may sound large, but by 1932 it had increased to 28 percent. Principal significance attaches to the increase of 140 percent. Both figures do, however, include short-term delinquency. Such delinquency is important enough from many angles, but does not greatly elucidate the chronic problem which was developing.

Amount of delinquency increased about with the increases in delinquent area. The two trends differed in many counties or States, but the difference largely averaged out. Figures from the sample suggest by rough calculation that nearly 500 million individual acres of land were delinquent within the 5-year period, for the sum of perhaps 550 millions of dollars in taxes. Relative size of the acreage and dollar figures must not be used to indicate rate of taxation because some acres were delinquent for several years' taxes, some were delinquent for a fraction of 1-year's levy. The dollar delinquency was of a magnitude somewhat comparable with the 1932 property tax levy against farmers, but must of course be spread over all rural taxes, rather than farm taxes only.

An interesting characteristic of the series for various States is their similarity. Rates of increase naturally varied, but no State had such moderate taxes or such efficient a collection system as to prevent a very great and dangerous increase in rural real estate tax delinquency.

#### Deficiency of Farm Income

The manner of disposing of delinquency once it had occurred may appear at first glance to indicate too lenient a collection policy. Only 35 percent of the acres found delinquent had certificates sold against them at the time the survey was made (early 1934). Only one-fifth of the acres covered by certificates had tax deeds recorded against them. Further thought, however, should modify the impression of undue leniency by relating it to

the farmers' situation of the time. Farm real estate values against which the taxes were levied dropped 36 percent, on the average, for the country from 1930 to 1933. Gross farm income dropped 55 percent. The corresponding tax drop was 22 percent. In response to the catastrophic drop in income, the farmer's fixed charges on debts and taxes, and his more flexible living costs, all had to give ground, but they all complied with reluctance and delay. Obviously extensive delinquency was an important part of the process.

#### Improvement in Delinquency Situation

The basic and vital effect of private income changes is again seen in the fact that by 1934 one-half of the delinquency of the period 1928-32 had been paid, 40 percent of the delinquent acreage cleared, and 30 percent of the properties sold had been redeemed. But this improvement undoubtedly was affected significantly by the fact that from the depths of the depression forward farmer financing by Federal agencies assisted directly and indirectly in paying both current and delinquent taxes. From May 1933 to December 31, 1936, over \$60,000,000 in taxes were refinanced by the Federal Land Banks and the Land Bank Commissioner. Other financing and refinancing led indirectly to the same result.

Placing the turning point in the rural delinquency situation depends upon the characteristics selected to represent it. Number and amount of new delinquencies (on properties not before delinquent) changed approximately with agricultural income. Such delinquency probably reached its crest with the levies of 1932 or 1933. Total delinquency continued to increase for a year or two longer. The curve for collections of delinquencies lags still further. Taking Iowa as an example and using State totals for convenience, collections on delinquencies as percentages of current levies approximated roughly: One percent in each year from 1928 to 1931, inclusive, 2 percent in 1932, 8 percent in 1933, 15 percent in 1934, and 12 percent in 1935. Returning for a moment to the fiscal matter of collections in relation to levies, the only two years showing great deficiency in Iowa are 1932 and 1933 when collections were 93 percent and 91 percent of current levies; for the succeeding two years they were 104 percent and 105 percent.

The current farm delinquency situation appears to be that as a whole farmers' property tax payments are at least equal to current levies, probably greater. Farm income is greatly improved, and in many farm communities collections are decidedly greater than levies. No attempt has been made to obtain a representative sample, but here and there figures are reported for single counties showing the excess collections to be as much as 10 or 15 percent, and higher.

This of course means that for such communities the Bureau of Agricultural Economics series of farm real estate tax levies do not properly represent the trend of increasing farm tax payments. An adjustment for delinquency and delinquency payments - such an adjustment as the Bureau hopes to make in the near future - will show the amounts which farmers paid in real estate taxes to have fallen off in the depression more than shown for levies. Since then the trend of payments will be found to be upward and to be increasing faster than are the current levies.



### Taxpayer Viewpoint v. Tax Collector Viewpoint

Appraisal of the farm tax delinquency problem of necessity depends largely upon adequately recognizing and emphasizing several significant aspects of the phenomena. If all property owners pay their taxes when due the taxing jurisdiction obviously collects 100 percent of its levies, allowance, of course, being made for collection costs. If one-fourth of the property owners regularly paid their taxes one year late, they normally would pay more than the amount levied, by paying penalties, interest, and costs. The taxing jurisdiction would collect less than its levies in the first year, but thereafter would obtain each year something above 100 percent of its current levy. As to "short-term" delinquency, severe difficulty really arises in the fact of wide fluctuations in the extent of delinquency from year to year or from period to period, leaving the jurisdiction with only undependable revenue.

The difference in significance of delinquency from the standpoint of the taxpayer and that of the taxing jurisdiction still is too often confused in spite of the extensive attention that has been devoted to the subject. The cost of short-term delinquency usually falls on the taxpayer, but in the case of abatements, rebates, or bargain settlements is shifted, at least in part, to the taxing jurisdiction.

A few of the States have regular arrangements by which abatements or rebates may be given in case of necessity. This arrangement appears to recognize that in a specific case the application of the tax process may go awry; someone's judgment, or just possibly his intention, is bad. But when extraordinary arrangements are made for bargain settlements on a wide scale, at a given time, it suggests that the system rather than someone's judgment in an individual case, is at fault. There are several possibilities. The adjustments may be unjustified because unnecessary. This in turn means one of two things. Either the delinquency was voluntary, or if necessary, it was due to temporary economic difficulties and could have been paid eventually. The rebates may, on the other hand, have been necessary or socially desirable either because assessment was too high or because the temporary economic difficulty was too severe for the financial reserves of a large fraction of the taxpayers to bear.

### Weight of Taxation

When one given class of real estate becomes widely delinquent in a jurisdiction it is prima facie evidence that that class of property is over assessed, and this has been the case with a large part of the rural delinquency of the past few years. In great part it is the low-value lands which have become delinquent. In fact this has been so prevalent an occurrence for years, and possibly always, that most of us have come to accept it as the natural order of things. One study after another has shown assessments on acreage properties to be regressive both on area and on value per acre. That tax delinquency on the lower-value lands is to such a wide extent long-term or permanent substantiates the view that these lands have received essentially harsher treatment than that given the higher-valued properties.

Looking forward rather than back, what of the amount of farm tax delinquency, what of its determinants? The amount of short-term delinquency

at present can scarcely be called abnormal. Long-term delinquency on lands of low or nominal value undoubtedly is large where owners have come to realize the futility of paying taxes on assessments far beyond any hope of realization. In such position the owner has no alternative; and the taxing jurisdiction has no alternative except the one it has persistently declined to use - adjusting assessments to real values.

In other words, there appears to be relatively little in the farm tax delinquency situation which can be corrected by changing the collection procedure or penalty and interest rates. In 1935, a committee of the National Municipal League developed an improved procedure to decrease delinquency and to terminate delinquency once it occurred. This the suggested procedure perhaps would do. But the implication was that it would be adequate to solve the problem. This, as applied to farm delinquency, it pretty surely would not do. Installment payments are a delusion in many commercial farming areas. Shortening of redemption periods in distressed times will be disregarded locally or will endanger other orderly processes. Segregation of intangibles and tangible personality may benefit owners of such property. But the major part of farm tax delinquency must in honesty be adjudged necessary" under conditions which obtain. When corrected, the correction will be by changes that reach deeper and are more basic than collection procedure.

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Purchase of Farms for Tenants - In the first year of the operation of the tenant-purchase program, under title I of the Bankhead-Jones Farm Tenant Act, 1,879 individuals stepped up from the ranks of tenants, sharecroppers, and farm laborers to become farm owners. According to Paul V. Maris, writing in the Extension Service Review for October 1938, there were 38,065 competitors for the loans available out of the 10 million dollars appropriated by Congress for the year ending June 1938. (Mr. Maris is Director of the Tenant Purchase Division, Farm Security Administration.)

In commenting upon the activities for that year Mr. Maris says: "The average loan for the purchase and improvement of a farm was \$4,886. In many Southern States averages ran about \$3,400 per farm. In Midwestern States the average loan was about \$7,500 per farm. Six hundred and fourteen farms cost \$2,500 or less. That is a larger number than falls in any other price group. Four hundred and thirteen loans were between \$2,500 and \$3,500. The second-largest number falls within this group. Two hundred and sixty-two loans were between \$5,000 and \$7,500; 133 were greater than \$7,500; and 46 were for more than \$10,000.

"Price appears to be a more accurate measuring stick for family-size farms than acres. It costs about the same number of dollars to buy a small farm that will support a family in the Delta region of the lower Mississippi Valley as it does to buy a large farm that will support a family in the adjacent hill section. The same principle holds true elsewhere. More than half the farms, however, 1,039, to be exact, were between 81 and 160 acres in size; only 61 were larger than 320 acres, and only 52 were smaller than 40 acres."

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## AVERAGE SIZE OF FARM-MORTGAGE LOANS RECORDED, 1917-35 <sup>1/</sup>

E. J. Engquist, Jr. and H. T. Lingard <sup>2/</sup>

The average size of farm-mortgage loans recorded in each of 37 States during the period from 1917 to 1935 has varied considerably from year to year, in general following the trend in land values as shown in figure 1. There also have been marked differences between lenders in the average size of loans recorded, reflecting to a considerable extent differences in loan policies. These trends and differences, moreover, show regional variations, although the peaks and lows for most States coincide. The average-sized loan for a given State may, of course, fluctuate at a higher or lower level than for another State.

A number of factors influence the average size of loans made. In each State the averages are based on mortgage recordings in selected counties, representing in most States about 20 percent of the counties. In some cases the small volume of recordings for a given lender in a given year allowed erratic items to influence the averages unduly. More important in their effect on the data, however, are the economic and institutional factors, such as trends in land values, proportions of first and second-mortgage financing, variations in size of farms, and changes in appraisal methods and standards affecting the ratio of loan to value.

### The Trend in Size of Loans

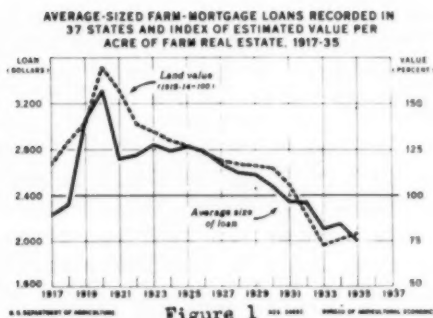


Figure 1

The trend in the average size of farm-mortgage loans recorded from 1917 to 1920 shows a marked increase in most States, in some cases the increase being as much as 100 percent. As shown in figure 1, the average-sized loan for all lenders was \$2,230 in 1917 and \$3,310 in 1920.<sup>3/</sup> In 1917, 31 of the 37 States had loans with an average size of less than \$3,000; in 1920 only 14 States were in this group. (See fig. 2.)

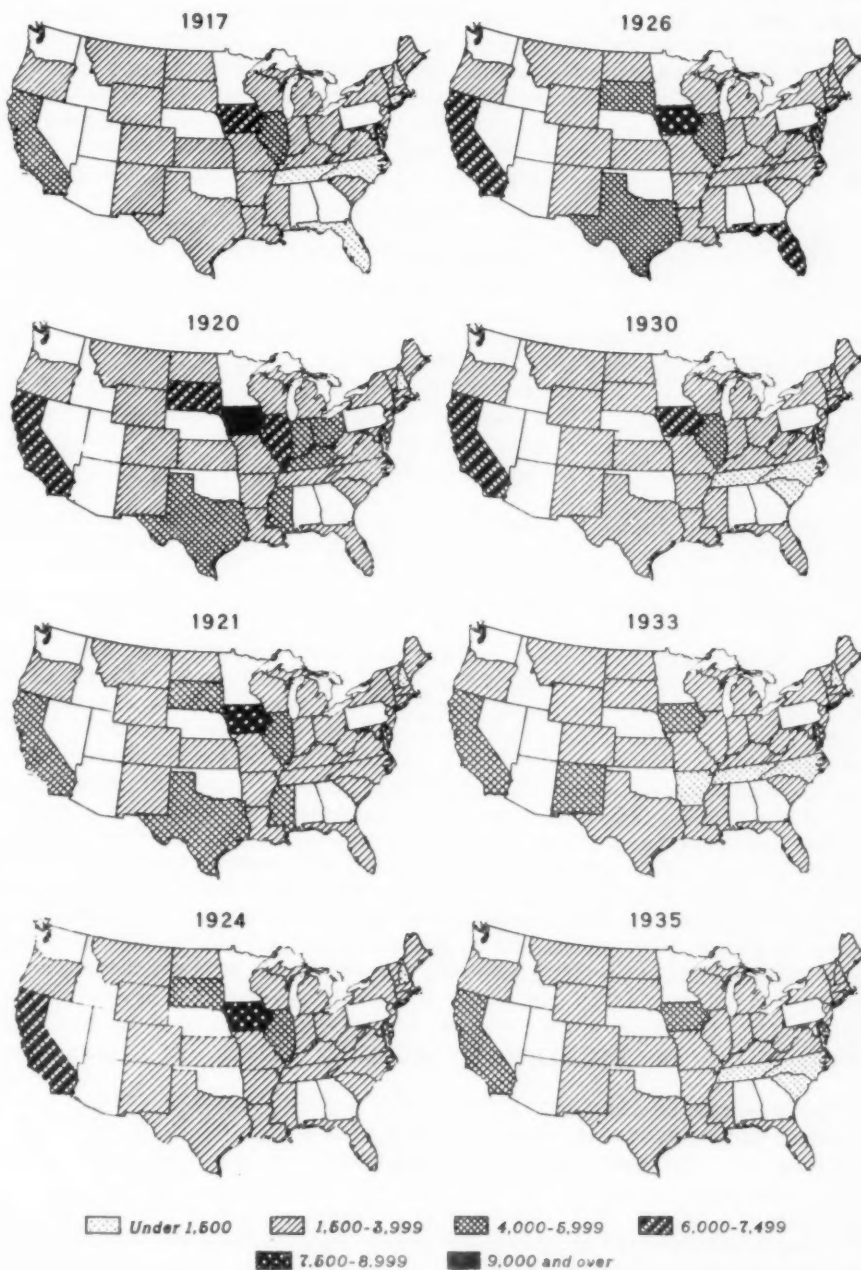
<sup>1/</sup> This preliminary report is based on data for 37 States selected from a series of State Reports, entitled "Farm-Mortgage Recordings", prepared by the Bureau of Agricultural Economics from data obtained in a Nation-wide W.P.A. project conducted under the joint sponsorship of the Works Progress Administration and the Bureau of Agricultural Economics. States included: Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Ohio, Indiana, Illinois, Michigan, Wisconsin, Iowa, Missouri, North Dakota, South Dakota, Kansas, Delaware, Maryland, Virginia, West Virginia, North Carolina, South Carolina, Florida, Kentucky, Tennessee, Mississippi, Arkansas, Louisiana, Texas, Montana, Wyoming, Colorado, New Mexico, Oregon, and California.

<sup>2/</sup> Mr. Engquist is Associate Agricultural Economist and Mr. Lingard, Junior Agricultural Economist.

<sup>3/</sup> The average for any one year represents the median of the averages for the 37 States.



# AVERAGE-SIZED FARM-MORTGAGE LOANS RECORDED IN EACH STATE IN SELECTED YEARS, 1917-35



This increase in the average size of loans accompanied the general rise in land values, the index (1912-14 equals 100) having risen from 117 in 1917 to 170 in 1920. The more liberal loan commitments during this period were in some instances attributed to the increased competition among lending agencies. The Federal and joint-stock land banks were organized and became important lenders during those years and commercial banks likewise became more active. Farm-commodity prices rose rapidly following the outbreak of the World War, the index of farm-products prices rising from 101 in 1914 to 244 in May 1920. This substantially expanded the flow of income into agricultural communities, and deposits in banks increased correspondingly. Country banks were desirous of investing these funds and advances were freely made to borrowers.<sup>4/</sup>

In 1920 the depression was accompanied by a tightening of loan commitments. The average size of farm-mortgage loans recorded fell to \$2,720 in 1921 from \$3,310 in 1920. Whereas averages of \$3,000 and over had prevailed in 23 of the 37 States in 1920, such averages were found in only 14 States in 1921. In Iowa the average-sized loan of all lenders reached an all-time peak of \$11,080 in 1920, but by 1921 the average dropped to \$7,910 for that State. As shown in figure 1, the index of farm real estate values dropped from 170 in 1920 to 157 in 1921. The change in size of loans was more precipitous, probably reflecting the more marked drop in farm prices from an index of 211 for the calendar year 1920 to 125 for 1921.

From 1922 to 1929, the average size of loans recorded showed relatively little variation from year to year, although there was a sagging off toward the end of the decade. This plateau is not dissimilar to that described by the indexes of farm real-estate values, farm prices, and gross farm income.

Beginning with 1930, the average size of farm-mortgage loan recordings decreased more rapidly, dropping from \$2,580 in 1929 to \$2,110 in 1933. This decrease in the size of new loans, in part due to the stringent credit conditions existing at that time, further reflects the doubts which lenders may have had regarding farmers' abilities to carry debts successfully and to meet them in the immediate future. The average size of loan for each lender fell during this period. At the same time, lenders who normally provided large loans were becoming less important as a source of credit. From 1929 to 1933, farm land values, farm prices, and farm income were dropping rapidly. In 1929, the average-sized loan recorded was under \$2,000 in 8 of the 37 States. By 1933, 14 States were in this group, while only 3 had been in 1919 and 1920. The years 1934 and 1935 indicated a continuation of the small size of farm-mortgage loans in spite of improved agricultural prices, income, and land values.

#### Variations Among Lending Groups

Differences in loan policies of the several lending groups principally account for the variations found in the average-sized loan recorded by each type of lender. In many States the average-sized loans made by joint-stock

<sup>4/</sup> For a more complete discussion see N. J. Wall, "Agricultural Loans of Commercial Banks", pp. 9-10.

land banks and life insurance companies were three or four times greater than the average-sized loan recorded by all lenders combined and five or six times larger than the average loans recorded by individuals and commercial banks. These differences are specially noticeable in many of the southern States and in California where life insurance companies and joint-stock land banks apparently restricted their loans to the larger farming units. In these States, as well as in Illinois and Iowa, loans by these two groups frequently averaged over \$10,000. The data in table 1 indicate for the year 1925 the differences between lenders in each of several States representing the various geographic divisions.

Table 1.--Average size of farm-mortgage loans recorded by leading lending groups in selected States in 1925

State	All lenders	Insurance companies	Joint- stock land banks	Federal land banks	Commer- cial banks	Indi- viduals
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
Iowa .....	8,060	11,140	12,690	10,560	6,290	6,380
California .....	5,900	14,090	14,830	6,310	6,230	4,610
Illinois .....	5,770	10,570	9,040	4,870	5,000	3,590
South Dakota .....	4,620	6,570	9,270	6,650	3,600	3,620
Colorado .....	3,140	9,200	7,280	4,000	3,320	2,640
Oregon .....	2,990	6,310	8,990	4,430	2,860	2,710
New York .....	2,900	-	5,320	4,300	3,820	2,430
Louisiana .....	2,700	11,010	-	3,070	2,250	2,200
Massachusetts ...	2,580	-	-	3,370	3,570	2,390
Kentucky .....	2,320	7,650	6,380	2,540	2,530	1,570
Virginia .....	2,270	9,120	4,260	2,220	2,010	2,040
South Carolina ...	2,240	15,060	7,830	3,690	1,780	1,610
Maine .....	1,950	-	-	3,280	1,690	1,610

In most States, the average size of loans made by individuals was less than those made by any other lender. An exception to this occurred in the New England States where loans by mutual savings banks frequently averaged less than those by individuals. Loans by commercial banks likewise were smaller, on the average, than those by most lenders. In certain areas, such as the range-livestock areas, however, the size of loans by commercial banks exceeded that of other lenders. In such areas a recorded real estate lien sometimes covered the entire amount of a loan which was partially secured by livestock.

The Federal land banks usually pursued a middle course, their average-sized loans lying between the averages of other lenders. In certain areas, such as the New England States, where life insurance companies and joint-stock land banks were less active, the Federal land banks acquired mortgages of larger average size than were being recorded by other lenders. From 1933 to 1935, many farmers received two loans, a Federal land bank loan and a Land Bank Commissioner loan. Both loans may have been relatively small, yet the

total commitment to the farmer may have exceeded what he could have received in earlier years.

Various miscellaneous factors influenced the relative position of some lenders as regards average size of loans. The unassigned mortgages held by mortgage companies were frequently "commission mortgages" and, therefore, relatively small in size. In Kansas, for example, mortgage company loans averaged less than \$1,000 in 12 of the 19 years, and in no year did the average exceed \$1,500. In a number of States, official agencies of State, county and other governmental units provided some farm-mortgage credit. The size of loans by these lenders varied from State to State, dependent upon local loan provisions. A miscellaneous group of lenders included in a class of "others" consisted of mortgagees financing small credit needs, such as purchases of supplies, automobiles, and family services. Such loans were usually of small average size.

The changes in average size of loans by the several lending groups were greater for certain lender groups than for others. The data in table 2 indicate that the increase in the size of loans from 1917 to 1920 was more marked for commercial banks and individuals than for Federal land banks and life insurance companies. Likewise, from 1920 to 1929, the tendency to decrease the size of loans was less accentuated in the case of Federal land banks and life insurance companies than for individuals and commercial banks.

Table 2.--Percentage change in average size of farm-mortgage loans recorded, 1917-20 and 1920-29, by leading lending groups in selected States

Period and lender	Illinois:	Iowa :	South : Dakota	North : Carolina	Kentucky:	Oregon
	Pct.1/	Pct.1/	Pct.1/	Pct.1/	Pct.1/	Pct.1/
1917-20:						
Individuals .....	56	89	113	108	76	52
Commercial banks .....	32	59	50	86	60	67
Life insurance companies .....	43	44	43	73	19	-34
Federal land banks ..	116	39	27	11	193	51
1920-29:						
Individuals .....	-43	-49	-54	-53	-73	-24
Commercial banks .....	-33	-43	-36	-21	-58	-40
Life insurance companies .....	-35	-18	-29	-58	-47	5
Federal land banks ..	53	-7	-10	-25	-49	22

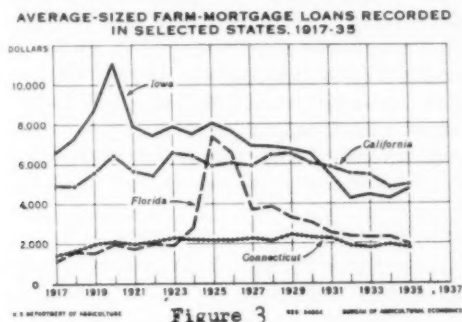
1/ Minus sign (-) shows decrease.

#### Differences Between States

Vast differences exist between States in the average size of farm-mortgage loans recorded. Even contiguous States show marked differences. In Iowa the average-sized loan ranged from \$11,080 in 1920 to \$4,270 in 1934. In Missouri the range was from \$3,310 to \$1,730 for the same years. Kentucky and Tennessee also exhibit divergent levels. In Kentucky loans averaged \$4,840 in 1920 and \$1,590 in 1931, while in Tennessee loans averaged \$2,400

and \$1,270 in those years. These variations reflect differences in value of land, type of farming, soils, climate, etc.

Changes in the average size of loans from year to year are also different from State to State. These trends, however, follow rather closely the respective trends of the indexes of estimated value per acre of farm real estate. In the New England States land values were relatively stable. For instance, in Connecticut the index of land values fluctuated between 140 and 124 during the period from 1920 to 1933. During this same period, the annual series of average-sized loans varied between



\$1,780 and \$2,440. In Iowa the index of land values fluctuated between 213 in 1920 and 58 in 1933, while the average-sized loan was \$11,080 and \$4,450, respectively, in those years. The rapid fall in the land value index for South Dakota, from 181 in 1920 to 97 in 1927, also is reflected in the change in average size of loans from \$6,050 in 1920 to \$3,910 for 1927. The differences in trends among States are illustrated by figure 3 for several selected States.

#### Factors Influencing Size of Loans

A number of factors which cause differences in size of loans have been mentioned. Variations in the value of land and buildings per farm and in loan policies of the lending agencies seem to be the most important. Methods and sources used in compiling the data also have influenced the results. The definition of a farm which was used as a basis in obtaining the records may have resulted in obtaining a few nonfarm mortgages.

The value of farm real estate is usually a major factor determining the size of loans recorded. While the mortgage loan is expected to be repaid out of farm earnings, the mortgage is a document which directly implies the possibility of liquidation through acquirement of the real estate security. Consequently, the average-sized loan usually varies with the current real estate value situation. This seems to be suggested by the close relationship between value and size shown in figure 1. The Federal land banks and Land Bank Commissioner in 1933-35 followed a policy of lending on a "normal-value" basis. There is nothing in the data on size of loans, however, to indicate that other lenders have adopted this policy.

The value of farm real estate per farm is a compound of several factors, such as size of farm, value of land, and value of buildings and improvements. Variations between regions as to farming and lending practices in respect to these items cause many of the differences which appear in the data. For instance, the 1930 Census shows that the size of farms in Iowa and Vermont were practically the same in that year, averaging 158 and 157 acres, respectively. The value of land and buildings per acre, however, was \$124 in Iowa, while in Vermont it was only \$37. The result is shown in the loan statistics. In Iowa the average-sized loan was \$6,740 in 1929; in Vermont it



was \$2,010. On the other hand, the size of farms was an important factor in the differences between Vermont and South Dakota. In both of these States the average value per acre of land and buildings was approximately the same in 1930, being \$37 and \$35, respectively. There were 439 acres per farm in South Dakota, however, and only 157 acres per farm in Vermont. The average-sized loan in South Dakota was \$3,710 as compared with \$2,010 for Vermont in 1929. Variations in type of farming operations and in the attitude of farmers towards contracting debt may also have influenced these differences.

Loan policies vary among lenders, and the relative importance of a given lender in any area will influence the average-sized loan statistics. The Farm Loan Act provided that loans of the Federal land banks were not to exceed 50 percent of the appraised value of the land plus 20 percent of the value of the buildings. Life insurance companies likewise followed a definite policy as to the relation between loans and value, but because costs of servicing larger loans were less per dollar of loan, they preferred the larger loans to the smaller ones and also tended to concentrate in better areas where values were higher.

Junior liens are usually smaller in size than first liens. Any change in the relative frequency of junior-lien financing may thus alter the average size of mortgages recorded and accounts for differences between years, lenders, and States. Federal land bank and life insurance company loans are practically all first-mortgage loans. On the other hand, loans held by commercial banks are occasionally junior liens, either because they originally were short-term production loans partially secured by real estate or because they represent unsecured loans refunded into second-mortgage liens on real estate. Probably a high proportion of loans by individuals are second mortgages. Commission mortgages acquired by mortgage companies and other such agencies are usually junior mortgages. In the last several years the activity of Land Bank Commissioner, a large proportion of whose loans are second mortgages, is reflected in the data for all lenders combined and specially in the figures for the Federal land banks which are combined with those of the Land Bank Commissioner.

Other special factors affect the size of farm-mortgage loans. It is probable that a high proportion of mortgage loans recorded by individuals arise out of the extension of credit in connection with the transfer of farm real estate. Total credit advanced in some cases approaches the amount of the sales price. These relations may partially explain the noticeable rise in average size of loans made by individuals between 1917 and 1920 and the sharp drop between 1920 and 1921.

Other factors likewise probably tend to influence the size of farm-mortgage loans, but these are not apparent because of the influence exerted by the more important factors. The effect which the various factors may have will vary between lenders and between States from time to time. In some cases all the factors operate in the same direction, while in other cases they will tend to counteract each other. For example, changes in the size of the mortgaged unit may be offset by changes in land values. Consequently, it would be difficult to determine exactly in any individual case the factors which have directly influenced the size of the mortgage loan.

NUMBER AND PERCENTAGE  
OF FARMS UNDER MORTGAGE <sup>1/</sup>

. . . . . Donald C. Horton <sup>2/</sup>

Statistical information relating to the number of mortgaged farms and the percentage of all farms under mortgage finds extensive uses in a wide range of economic inquiries. Legislative and other governmental agencies must rely in part on such information in the formulation and execution of governmental programs relating to agriculture, public and private lending agencies frequently utilize statistics of this kind in the planning and direction of their farm-mortgage lending activities, and students of the broader aspects of the economics of agriculture use these figures not only as direct measures of economic change and economic relationships, but also as the bases for further estimates of related statistical series.

Because of the wide uses made of statistics of mortgage-debt frequency, it is highly important that they should reflect accurately both historical changes from one date to another and any major differences between types of farms and geographic regions at any given time.

The available statistics of mortgage-debt frequency are to be found mainly in the publications of the Bureau of the Census of the United States Department of Commerce and in special reports issued by the United States Department of Agriculture. Some lack of historical comparability in these data is to be expected, in part because the character of American agriculture and the problems receiving most attention have changed markedly during the period covered by the statistics, and in part because of other conditions which have affected the methods by which these data have been compiled and the form in which they have been published. Also, certain conditions peculiar to the subject matter covered by these statistics have complicated the task of compiling data which will be comparable as between different types of farms and different geographic regions. As a result, those who have an occasion to use the

Interpreting Available Data

This article, in its entirety, is designed to provide certain information that will be of assistance in the interpretation of available statistics on the number and percentage of mortgaged farms in the United States. Primary attention is given in Part I to the data for farms of owner operators. Data for farms in the other tenure classifications will be discussed more fully in a subsequent issue of *Agricultural Finance Review*.

<sup>1/</sup> A part of the material presented in this article was obtained in a cooperative survey of farm-mortgage indebtedness conducted by the Bureau of Agricultural Economics of the Department of Agriculture and the Bureau of the Census of the Department of Commerce. Credit is due to Warder B. Jenkins, Technical Expert, Division of Agriculture of the Bureau of the Census, for a critical review of this article and particularly for certain suggestions with regard to the interpretation of the Census data presented here.

<sup>2/</sup> Agricultural Economist, Bureau of Agricultural Economics.

data experience difficulties in their interpretation and analysis, and not infrequently the data are used for purposes for which they are ill adapted.

In this article, certain adjustments of the available data for owner operators are presented which it is believed make the data more nearly comparable historically. Also, certain peculiarities of these data, which have a bearing on their interpretations, are noted. The final section of the article presents the data for January 1, 1935, showing the estimated number and frequency of mortgage debt for the following subclasses of full-owner operators: (1) Those owning no land in addition to that which they operate, and (2) those owning additional land which they rent to others.

#### Characteristics and Qualifications of the Statistics

The available statistical series on the number and percentage of all farms under mortgage represent a combination of the separate series for each of the major tenure classifications used by the Bureau of the Census. The Bureau of the Census is able, through its enumerators, to obtain information of this character from farm operators who own all or part of the land they operate. Those who own all of the land they operate (full-owner operators) are able to report the mortgage status of all the land they operate. But those who own only a part of the land they operate (part-owner operators) usually can report only on the mortgage status of the land they own.

For most of the census years the Bureau of the Census has compiled data showing the number of full-owner operators who reported that the land they operated was mortgaged and the number of part-owner operators who reported that the portion of the land in their farms (all land operated) which they owned was mortgaged. For the farms in the tenure classifications designated by the Bureau of the Census as tenant-operated and manager-operated farms, estimates of the number of such farms under mortgage have been prepared for certain years by the Bureau of Agricultural Economics. Survey data obtained through mailed questionnaires have furnished the basis for the estimates of the percentages of tenant and manager farms under mortgage, and the number of such farms under mortgage has been estimated by applying these percentages to the total number of tenant-operated and manager-operated farms as reported by the Bureau of the Census.

Certain of the more general characteristics of these data may be illustrated by reference to those for January 1, 1935, which are presented in table 1. <sup>3/</sup>

The number of farms operated by full owners in 1935 totaled 3,210,224. And this, by definition, was also the total number of full-owner operators. A total of 1,270,107, or 39.6 percent, of all such farms were mortgaged in 1935. The number of full-owner operators with real estate mortgage debts on farm land owned by them, however, would tend to be slightly higher; some full-owner operators owned land in addition to that operated by them, and some of this additional land may have been mortgaged even though the land operated by the full owner was free of debt. The estimates for 1935 (table 1)

<sup>3/</sup> A discussion of the figures for owner operators for other census years is presented in the following sections of this article.

Table 1.--The number and percentage of farms mortgaged, by major tenure classifications, January 1, 1935

Tenure classification	Number of farms	Number of farms mortgaged	Percentage mortgaged
	Number	Number	Percent
Owner 1/ .....	3,899,091	1,619,165	41.5
Full owner 1/ .....	3,210,224	1,270,107	39.6
Owning no additional land 2/ ..	2,736,362	1,114,162	40.7
Owning additional land 2/ .....	473,862	155,945	32.9
Part owner 1/ .....	688,867	349,058	50.7
Tenant and manager 1/ .....	2,913,259	731,148	25.1
Total all tenures 1/ .....	6,812,350	2,350,313	34.5

1/ Source: "Cooperative Survey, Farm Mortgage Indebtedness in the United States (Detailed Summary)", August 26, 1937. Released jointly by the Bureau of the Census of the Department of Commerce and the Bureau of Agricultural Economics of the Department of Agriculture.  
2/ These estimates are based on a further analysis of the data collected in the Cooperative Survey. See table 6 for a further breakdown of these figures by geographic divisions.

show that 473,862 full-owner operators, representing about 15 percent of the total, also owned farm land which they did not operate. In 1930 the Bureau of the Census reported that 17.6 percent of the full-owner operators owned farm land in addition to that operated by them.<sup>4/</sup> Although for the country as a whole the number of full-owner operators with farm real estate debts may be only slightly higher than the number of mortgaged farms operated by full owners, for individual States or counties there may be considerable difference in the two figures.

Of somewhat more consequence are certain qualifications of the mortgage frequency data for farms of part owners. Whereas the census data for full-owner-operated farms refer to operation units, those for part-owner-operated farms refer, with certain minor qualifications, to ownership units.<sup>5/</sup> To be strictly comparable with the census figures for full owners, those for part owners should refer to the farms operated by part owners, including the land which these farmers rent from others. Since a part-owner operator with no mortgage debt may be renting mortgaged land, the number of mortgaged farms (operation units) operated by part owners will tend to be larger than the number of part owners with mortgage debts.

Thus, when the number of mortgaged operation units owned by full-owner operators and the number of mortgaged ownership units owned by part owners

4/ Computed from table 4, p. 448 and table 7, p. 449, Fifteenth Census of the United States, Agriculture Vol. IV.

5/ If the part-owner operator owned land that he rented to others which was mortgaged, although the land he owned and operated was free of debt, the data for the number of part owners with mortgage debt on the land they operate would understate the number of part owners with mortgage debt. This, however, is not likely to occur frequently, as part owners rent land from others and are unlikely to be renting land to others.



are added, as in table 1, the resulting figure tends to be slightly too low to measure the total number of mortgaged farms operated by owner operators. This figure tends to be slightly too low also to measure the total number of mortgaged ownership units owned by owner operators. Although there are no data by which the downward bias in these figures can be estimated, the tendency to a downward bias should be borne in mind when these figures are used in further research, especially in studies involving the use of State or county data.

The estimates of the number and percentage of tenant-operated and manager-operated farms under mortgage should be used with somewhat greater caution than those for owner operators. The estimated percentages of the former class of farms under mortgage are based on sample data obtained through mailed questionnaires. Not only are the usual possibilities of sampling errors likely to be present in these figures, but also there are certain other possibilities of error due to the difficulties in obtaining a sample based on a uniform definition of a "farm." The information on debt status must be obtained from the owner of the farm, as the tenant usually does not have this information, and it is very difficult to obtain mortgage-debt reports for separate tenant-operated tracts when the owner owns more than one such tract. As the sample for debt frequency for tenant-operated and manager-operated farms is not a strictly operation-unit sample, some variation from the true situation may be expected when the percentages derived from it are applied to the total number of manager, tenant and cropper-operation units to obtain the number of mortgaged farms in these tenures. In view of these general qualifications, only major changes from one census year to another and only major regional differences for a given year should be regarded as significant.

A further major qualification of the data for tenant-operated and manager-operated farms relates to their use in combination with those for other tenures to compute the total number of mortgaged farms, the percentage of all farms mortgaged, and average mortgage debt per farm. It should be understood that such computed figures refer to operation units, with the exception noted above for the part-owner tenure. Thus the computed number of mortgaged farms for the country as a whole, as shown in table 1, is not an accurate measure of the number of owners of farm land who have farm-mortgage debts. Some owners of mortgaged land own several operation units whereas some operators rent mortgaged land from more than one owner. Nor should these figures be used as a measure of the proportion of all separate owners of farm land who have farm-mortgage debts. In fact, the concept of the number of separate farm owners is not particularly useful as applied to owners of land operated by tenants and managers, as large corporate and other owners would have to be counted only once as farm owners. Caution should be urged also with respect to the use of the average mortgage debt per farm, computed on the basis of the total number of mortgaged farms as shown in table 1, to measure the average amount of mortgage debt owed per owner of mortgaged land or to measure the average size of outstanding farm-mortgage loans.

The foregoing general qualifications with respect to the use of the data for the number and percentage of farms mortgaged emphasize the need for additional classifications of these data which will serve the varied research purposes for which many wish to use them. One further classification which



would aid materially in the interpretation of these data would be one in which the mortgage-frequency data are broken down still further by types of owners. For example, a survey by the Bureau of Agricultural Economics for 1928 indicated that tenant-operated farms owned by active farmers were more frequently mortgaged than those owned by nonfarmers.<sup>6/</sup> A classification of these data by the predominant type of farming would also give meaning to certain totals which include a mixture of types of farming units. Also, it has been suggested that the use of "acreage" rather than a "farm" as a basis for these tabulations would remove certain ambiguities in the data and render them more useful for certain purposes. It is likely, however, that many individuals would continue to find the data as tabulated on a "farm" basis the most useful for their purposes, even with the many reservations that must be made in their use.

#### Owner - Operated Farms Under Mortgage, 1890-1935

The Bureau of the Census has compiled data on the number of owner-operated farms under mortgage at 10-year intervals from 1890 to 1920 and at 5-year intervals since 1920. In the census years 1890 and 1900, data were compiled covering the number of farm homes occupied by their owners and the number of such farm homes under mortgage. In the census year 1910 and subsequent years the basis for the tabulations was shifted from "farm homes occupied by their owners" to "farms operated by their owners." It has been pointed out by the Bureau of the Census that "since, however, nearly all farms which are operated by their owners are also occupied by them as homes, this slight difference in the basis of the statistics has virtually no effect on the comparability of the figures." <sup>1/</sup>

In every census year there have been some owner operators from whom no report on mortgage status was obtained. Data have been published by the Bureau of the Census for 1890, 1900, and 1910 in which the "no report" farms were assumed to be mortgaged in the same percentage of cases as was found for those for which a mortgage-status report was obtained.<sup>2/</sup> These "no reports" are shown separately, however, so that the actual number reported as free of debt and mortgage can be used as tabulated. <sup>3/</sup>

The tabulation of the number of mortgaged farms of owner operators for 1920 is similar to that of 1910. The number of "no reports" on mortgage status, however, was considered too high in that year to warrant estimates of the total number of mortgaged owner-operated farms similar to those published for the 3 preceding census years. Whereas the "no reports" on mortgage status in 1890 and 1910 were only 1.3 and 1.2 percent, respectively, of all owner-operated farms, and in 1900 were only 3.5 percent of the total, in 1920 the "no reports" were 9.9 percent of all such farms. Thus the number of mortgaged owner-operated farms for 1920 as published may not be strictly comparable with the number for earlier census years. For particular States and counties the variation in the percentage of "no reports" is so great from

<sup>6/</sup> "Farm-Mortgage Credit", David L. Wickens, Technical Bulletin No. 288, February 1932, United States Department of Agriculture, p. 45.

<sup>7/</sup> Thirteenth Census of the United States, 1910. Agriculture Vol. V p. 158.

<sup>8/</sup> Fourteenth Census of the United States, 1920. Agriculture Vol. V p. 480.

census to census that care must be exercised when using the separate State or county figures for historical comparisons.

In the discussion of the probable mortgage status of the "no reports" on mortgage status the Bureau of the Census commented as follows in the report for the 1920 farm census: "It is believed that the failures to report as to mortgage indebtedness were due largely to two factors, more or less conflicting in their nature. In the first place, it seems likely that some of the instances of failure to report were due to the unwillingness of the farmer to disclose the fact that his farm was mortgaged. On the other hand, there were many cases where the enumerator apparently intended, by leaving the questions blank, to indicate that there was no mortgage debt ....."<sup>9/</sup> In an investigation of the "no report" farms in a number of typical counties in 1920 it was found, however, that by far the greater proportion was free of mortgage debt, leading the Bureau of the Census to believe that the figures for 1920 on the number and percentage of owner-operated farms under mortgage were fairly comparable with the figures for earlier years, in spite of the much greater number of "no report" farms in 1920.<sup>10/</sup>

The procedure followed in the Census of Agriculture for 1925 in respect to the farm-mortgage data differed from that used in earlier census years in certain respects. Owner operators were not asked specifically whether there was mortgage debt on their farms, with the result that the only data on the number of mortgaged owner-operated farms are those obtained from a count of the number of farms for which the amount of mortgage debt was reported.<sup>10/</sup> The number of mortgaged owner-operated farms obtained in this manner omits not only those mortgaged farms for which perhaps no report would have been obtained in any event, but also those which might have reported the fact of debt even though not the amount owed.

As the form of the 1925 census question on mortgage debt differed from that in 1920, it is probable that the number of "no reports" on the amount of mortgage debt in 1925 was even larger than in 1920. It is probable that a single, direct question on the amount of mortgage debt was not answered as frequently as it would have been if preceded by a preliminary question on the fact of debt. Accordingly, any adjustments of the 1925 figures on the basis of certain relationships revealed in the 1920 data may not be sufficient to place the 1925 figures as high as required to be comparable with those for 1920.

Although in the two respects mentioned the farm census in 1925 tends to understate the number of mortgaged owner-operated farms, it should be noted that in one other respect the 1925 census may have obtained a slightly larger number of mortgaged farms than would have been obtained by the methods used for earlier years. The owner operator was asked to report the "amount of mortgage debt on all farm land and buildings owned by you (anywhere in the United States)." This definition of a farm conforms more nearly to an owner-ship unit. Thus a farmer who owned 160 acres but operated only 80 acres would

<sup>9/</sup> Ibid.

<sup>10/</sup> The instructions on the 1925 farm schedule were as follows: "If there is no mortgage debt on your farm land, write 'none.'" However, no tabulations were published showing the number of farms for which this question was answered "none" nor of the number for which no report was received on debt status.

have been expected in 1925 to report the amount of debt on the full 160 acres. In previous years he would have been expected to report whether the 80 acres which he operated was mortgaged and the amount of mortgage debt on that 80 acres. If the entire 160 acres were mortgaged, the change in the definition of a "farm" would have no effect on the number of mortgaged farms reported; but if only the 80 acres rented to others were mortgaged, the 1925 method would record this 160 acres as a mortgaged owner-operated farm. In this case, however, the 1920 method would record a free-of-debt farm with no record of debt status for the rented 80 acres. In certain areas this change in the usual definition of a farm from an operation unit to an ownership unit would have practically no effect on the comparability of the 1925 statistics with other years, but for those areas in which many owner operators rent land to tenants the upward bias may have been appreciable. 11/

There is no basis by which to measure the extent of the downward bias in the number of mortgaged farms in 1925 resulting from the failure to ask a direct question on mortgage status, or of the extent to which this downward bias was offset by the opposite tendency resulting from the greater amount of land covered in the mortgage-debt inquiry. However, an examination of the data for selected States in table 2, showing the percentage of all owner-operated farms reported mortgaged in the 3 years 1920, 1925, and 1930, suggests strongly that the 1925 percentages are not strictly comparable with those for 1920 and 1930 on a State basis. For several other States the percentage reported mortgaged in 1925 is equal to or greater than that for 1920. For the entire country the census tabulations show 37.2 percent reported mortgaged in 1920, 36.1 percent in 1925, and 42 percent in 1930.

Table 2.- Percentage of owner-operated farms reported mortgaged, for selected States, 1920, 1925, and 1930 1/

State	Percentage of owner-operated farms reported mortgaged		
	1920	1925	1930
New York .....	43.9	38.7	45.2
Pennsylvania .....	31.6	23.7	33.9
Michigan .....	49.4	43.7	48.7
North Dakota .....	71.1	63.8	67.0
Delaware .....	33.6	26.8	38.5
Kentucky .....	22.6	19.8	24.3
California .....	50.4	46.3	52.8

1/ Fifteenth Census of the United States, 1930. Agriculture Vol. IV p. 453.

In 1930 the method used to enumerate the mortgaged owner-operated farms was similar to that used in 1910 and 1920. The data as published from the 1930 census showed the number of farms reported mortgaged, the number reported

11/ See table 6, p. 51, for data showing the regions in which ownership of additional land by full-owner operators is most frequent.

as free-of-debt, and the number for which no mortgage-status report was obtained. The number of "no reports" was equal to 6.3 percent of all owner-operated farms. To place the 1930 figures as published in the 1930 census reports on a basis more nearly comparable with those subsequently published for 1935, in a cooperative project conducted by the Bureau of the Census and the Bureau of Agricultural Economics, these "no report" farms were distributed by the latter agency between the mortgaged and free-of-debt groups in the same manner as in 1890, 1900, and 1910. 12/

The figures for 1935 showing the number and percentage of owner-operated farms under mortgage are based on (1) data from the 1935 farm census, for full-owner operators owning no land in addition to that operated by them, (2) a cooperative survey for 1935 by the Bureau of the Census and the Bureau of Agricultural Economics in which questionnaires were mailed to farm owners, (3) partial data on the comparative frequency of debt for full-owner operators owning no additional land and full-owner operators owning additional land obtained in the 1930 farm census. The final figures based on these data include all owner-operated farms and are intended to be on a comparable basis with the 1930 census figures after adjustment for the "no reports." 13/

In table 3 the number of owner-operated farms reported mortgaged in the several census years are shown in comparison with estimates of the total number of mortgaged owner-operated farms in which the "no reports" are distributed between those reported mortgaged and those reported free of debt. In 1920, 1925, and 1930 the adjustments are larger than for the 3 earlier census years because of the larger percentage of "no reports." The 1925 adjustments are based on 1920 relationships, and are subject to certain other qualifications already noted. 14/ The 1935 figures were issued only after the full-owner tabulations had been adjusted by the Bureau of the Census and the part-owner figures had been estimated by the Bureau of Agricultural Economics, with the result that comparisons cannot be made with census tabulations of farms reported mortgaged as for earlier years.

The effect of the upward adjustment of the number of mortgaged owner-operated farms for 1920 and 1925 is to show a greater increase in debt frequency from 1910 to 1920, and a smaller increase from 1920 to 1930, than that shown by the percentages based on the census data for the number of farms reported mortgaged. Since the Bureau of the Census found in 1920 for selected counties that the major portion of the "no reports" for that year were free of debt, it is likely that the adjustments for the "no reports" tend to be

12/ Cooperative Survey - Farm Mortgage Indebtedness in the United States (Detailed Summary), August 26, 1937. Joint report by the Bureau of Agricultural Economics and the Bureau of the Census.

13/ No attempt is made in this article to discuss the comparability from census to census of the data on the total number of farms. Differences of this character will also affect the comparability of the figures for the number of mortgaged farms.

14/ In making these adjustments estimates were first made by States of the number of farms on which the fact of debt would have been reported in 1925. It was assumed that the number reporting the amount of debt would bear the same relationship to the number that would have reported the fact of debt as was found to hold in 1920. Estimates were next made by States of the number of "no reports" that would have been obtained in 1925, on the assumption that the "no reports" would be the same percentage of all owner-operated farms in 1925 as in 1920. The estimated number of "no reports" for 1925 were then subtracted from the total number of owner-operated farms and the estimated number of farms reported mortgaged were shown as a percentage of this figure.



Table 3.--Estimated number and percentage of owner-operated farms under mortgage, census years 1890-1935

Year	Total number of owner- operated farms (Census) Number	Number reported under mortgage (Census) Number	Percentage reported under mortgage (Census) Percent	Estimated number under mortgage (Adjusted) Number	Estimated percentage under mortgage (Adjusted) Percent
1890 1/	3,142,746	874,215	27.8	2/ 886,957	28.2
1900 1/	3,638,403	1,093,164	30.0	2/ 1,127,749	31.0
1910	3,948,722	1,312,034	33.2	2/ 1,327,439	33.6
1920	3,925,090	1,461,306	37.2	2/ 1,613,306	41.1
1925	3,868,332	1,395,026	36.1	3/ 1,578,380	40.8
1930	3,568,394	1,497,766	42.0	2/ 1,591,701	44.6
1935	3,899,091	4/ 1,619,165	4/ 41.5	4/ 1,619,165	4/ 41.5

1/ Owned farm homes.

2/ Farms for which no mortgage-status report was obtained are assumed to be mortgaged in the same proportion of cases as those for which reports were obtained.

3/ Number of "no reports" and percent of "no reports" mortgaged estimated on basis of 1920 relationships.

4/ As originally published include adjustment of full-owner farms for "no reports" and estimates by Bureau of Agricultural Economics for all part-owner farms.

slightly too large. But it is believed that this adjustment places the figures for the several years on a more nearly comparable basis. For the country as a whole it would appear that the frequency of debt on owner-operated farms in 1920 may have been almost as high as in 1935, whereas a direct comparison of the published figures show a rise from 37.2 percent in 1920 to 41.5 percent in 1935. For the aforementioned reasons, the adjusted percentage of farms mortgaged for 1925 may still be too low to be comparable with the other census years, although the increase shown in debt frequency from 1925 to 1930 in the adjusted figures should be more nearly correct than that computed directly from the census data covering only farms reported mortgaged.

In table 4 the percentages of owner-operated farms mortgaged, after adjustments to take account of the "no reports", are shown for the census years 1890, 1900, 1910, 1920, 1930, and 1935 by States and geographic divisions. For all years except 1935 all of the basic data used to compute these figures are those compiled by the Bureau of the Census. Because of the wide variations of the adjusted State figures for 1925, when compared with 1920 and 1930, these percentages are not shown here on a State basis. In table 5 the adjusted figures on frequency of debt are shown separately for farms of full-owner operators and for farms owned by part-owner operators, by States and geographic divisions, for 1920, 1930, and 1935. The percentage of part-owner farms mortgaged for 1935 are estimates by the Bureau of Agricultural Economics, based on survey data obtained through a mailed questionnaire and those for full-owner farms are prepared by the Bureau of the Census.

In the interpretation of the data in tables 4 and 5 it should be borne in mind that the adjustments are intended to take account only of the lack of comparability because of the varying number of "no reports" on mortgage status



Table 4.- Estimated percentage of owner-operated farms mortgaged, 1890, 1900, 1910, 1920, 1930, and 1935 <sup>1/</sup>

State and geographic division	1890	1900	1910	1920	1930	1935
	Percent	Percent	Percent	Percent	Percent	Percent
Maine .....	22.1	26.7	26.6	29.8	34.6	36.0
New Hampshire .....	21.8	25.5	25.6	31.0	39.0	39.2
Vermont .....	44.4	46.9	46.9	50.2	53.9	50.9
Massachusetts .....	30.5	38.6	41.0	47.3	55.0	53.8
Rhode Island .....	19.1	27.1	29.6	32.5	38.8	36.7
Connecticut .....	31.1	40.7	43.2	48.2	53.2	47.8
New England .....	28.2	34.1	34.9	39.8	45.0	45.2
New York .....	44.2	46.3	43.7	46.9	47.2	45.0
New Jersey .....	48.9	51.9	49.6	50.2	53.4	50.4
Pennsylvania .....	27.4	32.3	31.1	34.1	36.0	33.7
Middle Atlantic .....	37.0	40.3	38.3	41.1	42.3	40.0
Ohio .....	28.9	29.8	28.9	31.6	37.3	35.2
Indiana .....	33.1	36.5	38.8	41.3	48.0	44.8
Illinois .....	36.7	39.3	39.2	42.6	44.0	41.0
Michigan .....	49.4	48.3	48.2	52.0	50.3	48.7
Wisconsin .....	42.8	45.8	51.4	62.0	61.0	59.2
West North Central .....	37.6	39.4	40.9	45.8	48.1	44.1
Minnesota .....	46.4	44.8	46.3	56.3	55.8	53.0
Iowa .....	53.3	53.0	51.8	59.1	60.9	57.8
Missouri .....	36.4	42.4	46.3	51.1	50.0	45.2
North Dakota .....	48.7	31.4	50.9	75.9	70.4	68.9
South Dakota .....	52.4	36.7	38.2	62.9	63.9	64.7
Nebraska .....	52.0	45.4	39.4	56.6	61.0	61.0
Kansas .....	55.5	41.8	44.8	51.8	54.0	53.9
West North Central .....	48.0	44.3	46.1	56.9	57.1	54.7
Delaware .....	29.4	36.5	37.2	36.5	41.0	37.8
Maryland .....	30.0	36.8	36.5	37.0	39.9	37.3
District of Columbia .....	4.1	18.9	18.4	36.0	3/	3/
Virginia .....	3.2	14.7	16.0	19.8	24.1	23.3
West Virginia .....	13.0	14.1	12.6	16.4	19.0	18.5
North Carolina .....	4.9	15.8	18.5	19.3	30.5	27.9
South Carolina .....	6.0	20.6	24.0	25.0	36.2	34.1
Georgia .....	3.4	14.7	19.0	26.5	35.4	33.1
Florida .....	3.0	10.3	14.8	24.5	27.6	25.2
South Atlantic .....	7.4	16.6	18.8	22.4	29.4	27.4
Kentucky .....	4.1	15.2	19.6	25.9	26.9	25.4
Tennessee .....	3.2	11.5	16.9	23.5	28.3	26.5
Alabama .....	4.4	19.2	26.9	30.2	43.4	40.0
Mississippi .....	7.7	27.1	32.9	31.1	44.7	41.2
East South Central .....	4.5	17.0	22.7	27.0	33.8	31.4
Arkansas .....	4.2	14.3	21.4	34.4	41.5	40.4
Louisiana .....	4.0	17.7	19.0	24.7	36.8	35.6
Oklahoma .....	2/	9.2	43.5	60.8	54.8	50.6
Texas .....	5.7	23.4	33.3	40.1	43.1	41.0
West South Central .....	4.8	18.2	30.6	41.0	44.2	41.9
Montana .....	15.6	14.0	21.1	64.6	56.7	48.9
Idaho .....	16.3	16.4	33.4	62.8	60.3	53.8
Wyoming .....	13.1	12.2	19.8	44.7	57.6	51.0
Colorado .....	25.5	27.0	26.4	50.2	56.0	48.3
New Mexico .....	3.0	2.3	5.4	27.3	26.8	19.0
Arizona .....	6.9	6.0	12.9	47.7	42.8	28.9
Utah .....	5.6	11.2	22.9	48.0	55.6	48.2
Nevada .....	17.2	19.3	16.7	35.5	46.3	47.8
Mountain .....	14.1	14.4	20.8	52.1	51.8	43.1
Washington .....	26.8	21.8	34.1	49.0	52.8	47.7
Oregon .....	23.4	25.2	33.7	49.7	53.9	49.8
California .....	32.5	32.2	40.5	55.1	55.5	49.8
Pacific .....	28.7	27.6	36.8	52.1	54.4	49.2
United States .....	28.2	31.1	33.6	41.1	44.6	41.5

<sup>1/</sup> For all years except 1935 the percentages of owner-operated farms mortgaged are based on the number of farms reported to the Bureau of the Census as mortgaged and the total number for which a debt status report was obtained by the Bureau of the Census. For 1935 the full-owner figures were prepared by the Bureau of the Census and the part-owner figures by the Bureau of Agricultural Economics. The figures for 1935 are contained in "Cooperative Survey - Farm-Mortgage Indebtedness in the United States (Detailed Summary)" August 26, 1937. Released jointly by the Bureau of the Census of the Department of Commerce and the Bureau of Agricultural Economics of the Department of Agriculture. <sup>2/</sup> Indian Territory not included in 1890. <sup>3/</sup> Included in Maryland in 1930 and 1935. <sup>4/</sup> Revised for part-owner-operated farms.

Table 5.- Estimated percentage of full-owner and part-owner operated farms mortgaged, 1920, 1930, and 1935

State and geographic division	Full owner			Part owner		
	1920 1/	1930 1/	1935 2/	1920 1/	1930 1/	1935 2/
	Percent	Percent	Percent	Percent	Percent	Percent
Maine .....	29.8	34.3	36.3	29.5	44.2	31.8
New Hampshire .....	30.7	38.7	38.2	37.7	43.7	47.6
Vermont .....	50.1	54.0	52.9	53.0	52.9	31.0
Massachusetts .....	47.2	54.8	52.6	50.0	57.4	72.7
Rhode Island .....	32.7	38.4	35.4	30.4	41.9	47.6
Connecticut .....	47.9	52.9	47.1	52.1	57.2	60.6
New England .....	39.6	45.3	45.1	44.7	51.7	46.5
New York .....	46.7	46.8	43.7	48.8	51.8	56.4
New Jersey .....	50.0	53.1	49.9	54.2	57.0	58.0
Pennsylvania .....	34.0	35.9	33.3	36.4	37.5	39.1
Middle Atlantic .....	40.9	42.0	39.1	44.3	46.8	50.5
Ohio .....	30.8	36.1	34.1	38.0	44.7	41.5
Indiana .....	39.8	45.2	43.4	48.5	57.6	49.9
Illinois .....	40.5	41.0	39.0	49.4	51.3	45.3
Michigan .....	51.3	48.7	43.3	56.8	58.7	58.4
Wisconsin .....	61.8	60.4	58.3	64.9	66.6	65.3
East North Central .....	45.4	46.6	43.8	50.0	54.6	50.7
Minnesota .....	55.3	53.0	50.6	61.8	65.4	60.5
Iowa .....	58.0	58.5	55.5	64.1	68.9	66.3
Missouri .....	49.5	47.3	43.7	58.8	59.6	50.8
North Dakota .....	72.0	63.1	62.0	81.7	76.8	75.9
South Dakota .....	58.3	54.9	56.5	69.0	72.2	73.1
Nebraska .....	53.7	56.2	56.4	64.1	69.6	69.2
Kansas .....	47.4	47.2	46.0	61.1	64.3	66.9
West North Central .....	54.3	52.6	50.4	65.5	67.3	64.9
Delaware .....	36.8	40.8	37.7	31.1	43.2	39.9
Maryland .....	37.1	39.6	37.1	36.3	43.5	40.8
District of Columbia .....	32.9	3/	3/	66.7	3/	3/
Virginia .....	19.7	23.6	23.2	20.7	27.2	24.5
West Virginia .....	16.1	18.8	18.9	18.7	21.0	14.5
North Carolina .....	18.5	29.7	27.7	24.4	34.1	28.7
South Carolina .....	24.9	35.9	33.7	25.9	37.9	35.7
Georgia .....	26.5	35.0	33.8	27.0	38.5	27.3
Florida .....	24.2	27.0	24.8	28.1	32.6	29.5
South Atlantic .....	22.3	28.9	27.4	24.0	32.8	27.6
Kentucky .....	25.5	26.0	24.9	28.8	32.2	28.6
Tennessee .....	23.0	27.5	26.1	27.1	32.7	29.1
Alabama .....	29.9	42.9	39.8	32.5	46.2	41.1
Mississippi .....	11.1	44.4	41.9	31.8	47.4	31.8
East South Central .....	26.6	33.2	31.2	29.2	37.4	32.0
Arkansas .....	34.1	40.7	37.7	36.3	45.2	56.4
Louisiana .....	24.4	36.0	36.1	27.6	42.8	31.0
Oklahoma .....	58.4	50.8	46.1	67.8	63.5	61.9
Texas .....	38.7	51.0	39.7	48.1	52.0	47.0
West South Central .....	39.1	41.8	39.7	50.9	53.2	51.6
Montana .....	61.8	51.5	44.7	73.7	63.3	55.2
Idaho .....	62.2	58.3	54.0	67.1	67.8	53.1
Wyoming .....	41.5	52.5	47.0	57.0	66.6	58.0
Colorado .....	48.2	51.7	45.6	57.8	65.8	55.4
New Mexico .....	23.3	21.8	16.7	47.4	45.6	30.2
Arizona .....	47.1	40.4	25.9	52.2	54.2	50.5
Utah .....	46.7	53.9	45.4	55.1	62.4	60.6
Nevada .....	34.5	45.1	48.3	48.2	55.8	43.4
Mountain .....	50.0	47.7	39.9	64.2	62.6	52.6
Washington .....	47.2	51.0	46.1	59.4	64.0	59.4
Oregon .....	45.5	52.0	47.9	55.9	62.6	60.3
California .....	54.6	54.7	48.9	58.2	60.5	57.9
Pacific .....	51.1	53.1	47.9	58.0	62.0	59.0
United States .....	39.8	42.3	39.6	51.6	54.8	50.7

1/ For 1920 and 1930 the percentages of full-owner and part-owner farms mortgaged are based on the number of farms reported to the Bureau of the Census as mortgaged and the number of farms for which a debt status report was obtained by the Bureau of the Census.

2/ For 1935 the full-owner figures were prepared by the Bureau of the Census and the part-owner figures by the Bureau of Agricultural Economics. The figures for 1935 are contained in "Cooperative Survey - Farm-Mortgage Indebtedness in the United States (Detailed Summary)" August 26, 1937. Released jointly by the Bureau of the Census of the Department of Commerce and the Bureau of Agricultural Economics of the Department of Agriculture. 3/ Included with Maryland. 4/ Revised.

in different census years. There is at present no statistical basis by which to make further adjustments which would place these figures either on a strictly ownership-unit or operation-unit basis or which would take account of other possible variations from census to census.

Number and Debt Frequency of Full-Owner Operators  
Owning Additional Land January 1, 1935

From information for January 1, 1935, obtained through mailed questionnaires it is possible to make estimates breaking down still further the Census mortgage-status statistics for full-owner operators in 1935. On these mailed questionnaires the full-owner operator was asked, among other things, the number of acres of farm or ranch land owned by him, the number of acres of land operated by him, the number of acres rented to others, and whether his farm or ranch was mortgaged. From the returns for full-owner operators numbering 48,749 for the entire country, estimates have been prepared by geographic divisions showing (1) the percentage of all full-owner operators in 1935 who owned land in addition to that which they operate, (2) the percentage of those full-owner operators owning additional land who had mortgage debts, and (3) the percentage of those owning no additional land who had mortgage debts. The estimates based on this part of the cooperative survey are summarized in table 6.

These estimates indicate that about 15 percent of the full-owner operators in 1935 owned land in addition to that which they operated. For 1930 the Bureau of the Census shows 17.6 percent of the full-owner operators in this group. The percentage of all full-owner operators who owned additional land is shown to be higher in the Southern States than in the remainder of the country in 1935, although the estimates show that about one-sixth of all full-owner operators in the West North Central States owned additional farm land. The higher percentage for the Southern States reflects the greater importance of the plantation type of farming in that region. The estimated percentage of full-owner operators owning additional land varies considerably among the States in some geographic divisions. For example, the figures as originally computed by States indicate that the percentage of full-owner operators owning additional land is substantially higher in Kansas and Nebraska than in the other West North Central States; also, that the percentage is higher in Illinois and Indiana than for the other East North Central States.

For the country as a whole in 1935 the estimated percentage of the full-owner operators owning additional land who had farm-mortgage debt was lower than for those owning no additional land. The estimates in table 6 indicate that about 33 percent of those owning additional land had farm-mortgage debts, whereas about 41 percent of those owning no additional land had mortgage debts. For 1930 the Bureau of the Census shows that 40.8 percent of all full owners owning additional land reported their farms as mortgaged, whereas only 34.9 percent of those owning additional land reported their farms as mortgaged. Both of these latter percentages would be raised if account were taken of the "no reports", which for all full owners raised the percentage mortgaged from 39.8 percent to 42.3 percent. The fact that the 1935 sample survey checks so closely for the country as a whole with the Census data for 1930, both with regard to the percentage of full owners owning additional land and the relationship between the percentages of farms mortgaged for the

Table 6.- Estimated number of full-owner operators owning and not owning land in addition to that operated, and percentage with mortgage debts, by geographic divisions, January 1, 1935

Geographic division	Full-owner operators						Full-owner operators with mortgage debt						Percentage of full-owner operators with mortgage debt					
	Number			Percentage			Number			Percentage			Number			Percentage		
	Owing	no addi-	total	Owing	no addi-	total	Owing	no addi-	total	Owing	no addi-	total	Owing	no addi-	total	Owing	no addi-	total
	land	tional	land	land	tional	land	land	tional	land	land	tional	land	land	tional	land	land	tional	land
	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/	2/
	Number	Number	Number	Percent	Percent	Percent	Number	Number	Number	Percent	Percent	Percent	Number	Number	Number	Percent	Percent	Percent
New England .....	132,687	128,326	4,561	96.6	3.4	59,963	58,245	1,718	97.1	2.9	45.1	45.4	37.7					
Middle Atlantic ...	301,745	286,564	15,181	95.0	5.0	118,098	112,361	5,737	95.1	4.9	39.1	39.2	37.8					
East North Central.	616,503	546,204	68,299	88.9	11.1	265,864	249,009	20,855	92.3	7.7	43.8	45.4	30.5					
West North Central.	470,826	391,705	79,121	83.2	16.8	237,299	207,620	29,679	87.5	12.5	50.4	53.0	37.5					
South Atlantic ....	527,412	428,192	99,220	81.2	18.8	144,379	117,670	26,709	81.5	18.5	27.4	27.5	26.3					
East South Central.	440,243	344,564	95,679	78.3	21.7	137,603	107,817	29,786	78.4	21.6	31.2	31.3	31.1					
West South Central.	372,291	289,578	82,713	77.8	22.2	147,643	118,489	29,154	80.1	19.9	39.7	40.9	35.5					
Mountain .....	147,657	134,163	13,494	90.9	9.1	58,972	54,068	4,904	91.7	8.3	39.9	40.3	36.3					
Pacific .....	200,660	185,066	15,594	92.2	7.8	96,066	88,683	7,383	92.5	7.5	47.9	48.0	46.2					
United States.	3,210,224	2,736,362	473,862	85.2	14.8	1,270,107	1,114,162	155,945	87.7	12.3	39.6	40.7	32.9					

1/ Source: Bureau of the Census, United States Department of Commerce.

2/ Estimated from survey data obtained through mailed questionnaires sent to farm owners in connection with the cooperative survey of farm-mortgage indebtedness referred to in footnote 3.

3/ Source: Cooperative Survey Farm-Mortgage Indebtedness in the United States (Detailed Summary), August 26, 1937. Released jointly by the Bureau of the Census of the Department of Commerce and the Bureau of Agricultural Economics of the Department of Agriculture.

two classes of full-owner operators, justifies considerable confidence in the variations shown among the geographic divisions in table 6. Although the percentage of full-owner operators owning additional land is highest in the South, the difference in debt frequency as between the two classes of full-owner operators is less marked than in the other geographic divisions.

The estimated number of full-owner operators owning additional land is small in relation to the total number of farm operators in the United States. It may be noted, however, that in 1935 the farm operators in this classification were almost ten times as numerous as the manager operators and about two-thirds as numerous as the part-owner operators. It is possible that, in view of the lower debt frequency for full-owner operators owning additional land, there may be other distinctive characteristics of this class of farms which would justify separate tabulations by State for this sub-tenure in a subsequent farm census.

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Reduced Interest Rates on Farm-Mortgage Loans. The temporarily reduced interest rates on Federal land bank and Land Bank Commissioner loans, authorized by the last session of Congress, will apply on all interest payable prior to July 1, 1940, according to Albert S. Goss, Land Bank Commissioner of the Farm Credit Administration.

On most Federal land bank loans through national farm loan associations the temporarily reduced rate will be  $3\frac{1}{2}$  percent a year, and for loans made directly from the banks, 4 percent. On Land Bank Commissioner loans the temporarily reduced rate will also be 4 percent.

Commissioner Goss states that under the law as now amended both land bank and Commissioner borrowers, beginning July 1, 1940, will resume interest payments at the contract interest rates at which their loans were originally made. With a few exceptions, the contract interest rate on new Federal land bank loans now being made through associations is 4 percent, and  $4\frac{1}{2}$  percent for direct loans. The contract interest rate on all Commissioner loans is 5 percent.

The reduced interest rates will apply for the stated period on approximately 630,000 Federal land bank loans now outstanding in the amount of \$2,025,000,000, and about 450,000 Land Bank Commissioner loans aggregating nearly \$800,000,000. (Farm credit Administration press release.)

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## COST OF FARMERS' MUTUAL FIRE INSURANCE<sup>1</sup>/

During a 22-year period ending with 1935 the annual average cost of protection in farmers' mutual fire insurance companies, considered as a group, has varied from slightly more than 23 cents per \$100 of insurance to 32 cents. From 1914 to 1929, inclusive, it never exceeded 28 cents. In each of the next 3 years, however, the annual average cost, including losses paid and operating expenses, exceeded 30 cents per \$100 of insurance. The highest annual average, 32 cents, was paid in 1932. Following 1932 the annual average cost again declined.

The average cost of farm mutual fire insurance for 1935 is shown, by States and geographic divisions, in table 1. The Nation-wide average for that year, the latest for which summary figures are available, was 23.2 cents per \$100 of insurance. This is among the very lowest annual averages for cost in these companies since 1914.

The annual cost figures were determined by dividing the expenditures for the year in question by the average amount of insurance in force during the year. Such average amount was roughly ascertained by adding the insurance in force at the beginning of the year to that in force at the end of the year, and dividing this sum by two. All of the figures in table 1 are totals or weighted averages for all the farmers' mutual fire insurance companies in the States, the geographic divisions, and the United States, respectively.

For most States the percentage of total disbursements used for expenses of operation, as shown by the table, is somewhat higher than normal for these companies. This results from the fact that the loss costs for 1935 were for most States somewhat abnormally low. This experience of relatively low loss costs in 1935 was shared by essentially all groups of fire insurance companies in the United States.

The variations in the 1935 averages for costs of insurance for the different States, are in general typical of those for earlier years. Such costs have persistently been considerably higher in the South and in some of the Eastern and Far Western States than in the North Central or Mountain States.

The presence of much light and cheap construction on many southern farms, often with poor chimneys or flues, doubtless helps to explain the relatively high loss rate in that section. On more northern farms climatic conditions necessitate more substantial buildings, and it is reasonable to expect that on such buildings more care is taken with those features that have a bearing on the fire hazard. The practice in at least parts of New England of close grouping of farm buildings, and in many cases of actually

<sup>1</sup>/ Abstracted from a study entitled "Problems and Trends in Farmers' Mutual Fire Insurance" by V. N. Valgren, Principal Agricultural Economist. This study has been issued as Bulletin No. 23, Cooperative Division, Farm Credit Administration, April 1938.

Table 1.- Farmers' mutual fire insurance, 1935: Total cost, losses only, expenses only, in cents per \$100 of insurance; percent of total disbursements used for losses and for expenses; total amount of surplus or reserves and amount per million of insurance <sup>1/</sup>

State and geographic division	Cost per \$100 of insurance			Percentage of total dis- bursements used for -		Surplus or reserves at end of year	
	Total	Losses	Expenses	Losses	Expenses	Total	Per million
	Cents	Cents	Cents	Percent	Percent	1,000 dollars	Dollars
Maine .....	78.6	54.3	24.3	69.2	30.8	535	8,254
New Hampshire .....	61.6	41.4	20.2	67.2	32.8	76	3,103
Vermont .....	43.1	38.3	4.8	88.9	11.1	98	1,456
Rhode Island .....	31.1	20.8	10.3	66.8	33.2	78	20,949
Connecticut .....	37.4	19.7	17.7	52.6	47.4	2,741	37,270
New England .....	53.0	36.9	16.1	69.6	30.4	3,528	15,076
New York .....	37.9	30.2	7.7	79.8	20.2	143	247
New Jersey .....	36.2	22.3	13.9	61.8	38.2	1,330	10,543
Pennsylvania .....	23.6	17.1	6.5	72.4	27.6	3,669	3,080
Middle Atlantic .....	28.8	21.4	7.4	74.5	25.5	5,142	2,711
Ohio .....	18.9	14.0	4.9	74.3	25.7	895	1,041
Indiana .....	19.3	13.0	6.3	67.3	32.7	1,092	2,007
Illinois .....	17.7	12.7	5.0	71.9	28.1	1,422	2,131
Michigan .....	30.7	21.8	8.9	70.9	29.1	1,609	2,520
Wisconsin .....	17.4	13.6	3.8	78.3	21.7	1,227	1,097
East North Central .....	20.3	14.8	5.4	73.2	26.8	6,245	1,631
Minnesota .....	15.8	10.8	5.0	68.2	31.8	1,333	1,509
Iowa .....	17.6	10.9	6.7	62.1	37.9	2,206	1,975
Missouri .....	34.0	26.8	7.2	78.9	21.1	601	1,822
North Dakota .....	17.5	11.8	5.7	67.6	32.4	445	3,914
South Dakota .....	17.7	12.6	5.1	71.4	28.6	553	2,713
Nebraska .....	12.7	6.5	6.2	51.1	48.9	1,661	2,233
Kansas .....	23.3	10.4	12.9	44.4	55.6	4,109	7,107
West North Central .....	18.5	11.4	7.1	61.8	38.2	10,908	2,748
Delaware .....	37.4	21.5	15.9	57.5	42.5	370	17,232
Maryland .....	36.7	14.1	22.6	38.4	61.6	1,989	7,534
Virginia .....	33.1	21.1	12.0	63.7	36.3	866	6,360
West Virginia .....	34.5	18.6	15.7	54.4	45.6	298	5,500
North Carolina .....	27.4	18.2	9.2	66.4	33.6	212	5,675
South Carolina .....	86.3	64.0	22.3	74.1	25.9	69	10,290
Georgia .....	51.8	37.7	14.1	72.8	27.2	135	9,938
South Atlantic .....	35.9	18.3	17.6	51.0	49.0	3,939	7,383
Kentucky .....	45.1	29.8	15.3	66.0	34.0	718	12,193
Tennessee .....	49.8	35.2	14.6	70.6	29.4	32	931
Alabama .....	44.9	23.2	21.7	51.7	48.3	18	13,793
East South Central .....	46.8	31.6	15.2	67.6	32.4	768	8,142
Arkansas .....	50.8	36.9	13.9	72.7	27.3	48	4,744
Oklahoma .....	49.3	36.6	8.7	80.8	19.2	106	3,933
Texas .....	33.8	25.7	8.1	76.1	23.9	687	6,776
West South Central .....	37.2	28.6	8.6	76.9	23.1	841	6,075
Montana .....	26.5	17.4	9.1	65.5	34.5	57	4,216
Idaho .....	22.8	14.8	8.0	64.9	35.1	125	3,037
Wyoming .....	14.5	5.7	8.8	39.1	60.9	10	5,668
Colorado .....	24.3	13.3	11.0	54.6	45.4	72	2,106
Utah .....	10.9	6.7	4.2	62.0	38.0	126	9,300
Mountain .....	22.0	13.4	8.6	60.7	39.3	390	3,745
Washington .....	35.0	25.0	10.0	71.4	28.6	256	4,893
Oregon .....	50.0	29.6	20.4	59.2	40.8	290	6,247
California .....	25.0	12.0	13.0	48.0	52.0	1,349	7,291
Pacific .....	31.0	17.4	13.6	56.0	44.0	1,895	6,678
United States .....	23.2	15.7	7.5	67.8	32.2	33,656	3,037

<sup>1/</sup> Percentages, cost figures, and amount of reserves per million dollars of insurance were calculated from unrounded figures.

Farm Credit Administration.

connecting the barn and the dwelling by an enclosed passage-way as protection against the inconvenience of heavy snow falls, doubtless helps to account for the higher loss rate there. In the Central States, where the ground surface is more generally level and heavy snows are less of a problem, the farm buildings are usually separated by more or less clear space, making it more likely that a fire will be confined to the building in which it originates.

While the cost of farmers' mutual insurance in many of the Southern States appears relatively high, such cost usually represents a smaller percentage of the commercial rates there than in more Northern States. In other words, owing to the high commercial rates prevailing in the South, the farm mutuals there in most instances save their members more, both in cents per \$100 of insurance and in percentage of the commercial rates, than is generally true elsewhere.

In all States where a number of farm mutuals are operating the range in cost varies materially for different companies. Notwithstanding the low average costs shown by the table, scattered individual companies with substantial volumes of insurance have given sound protection to their members for many decades at about half the average farm-mutual cost for their State. The indications are, therefore, that for the farm mutuals as a group there are still possibilities of eliminating needless losses and of further reducing the cost of protection to their members.

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Loans on 1938 Corn Crop - The Commodity Credit Corporation will make loans on this year's corn crop at the rate of 57 cents a bushel. Loans will be made at this rate to all farmers in the commercial corn area who did not exceed their 1938 corn acreage allotments. The commercial area includes 566 counties in Illinois, Indiana, Ohio, Michigan, Wisconsin, Minnesota, South Dakota, Iowa, Nebraska, Missouri, Kansas and Kentucky.

Loans will be made at 43 cents per bushel to farmers outside the commercial area who did not exceed their total soil-depleting acreage allotments.

The corn loan was announced after the Federal Crop Reporting Board estimated this year's corn crop would total 2,480,958,000 bushels.

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\* DEMAND DEPOSITS OF COUNTRY BANKS -- \*  
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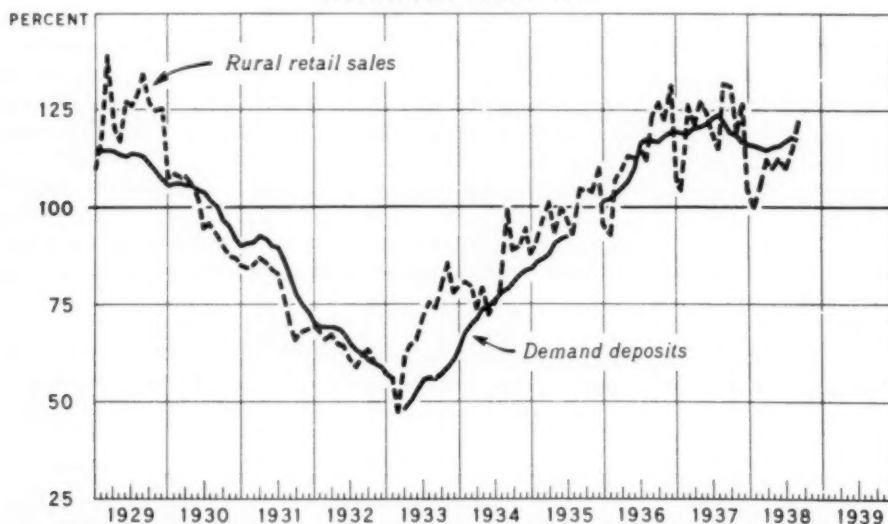
RELATIVE STABILITY IS SHOWN IN RECENT MONTHS

Demand deposits of country banks, adjusted for seasonal variation, have remained at a relatively stable level during the first 9 months of 1938, although at a lower level than a year ago. During the third quarter of the year such deposits as measured by member banks of the Federal Reserve System located in places of less than 15,000 population in 20 of the leading agricultural States, were approximately 5 percent lower than in the similar period of 1937.

Cash income from sales of farm products and Government payments during the first 9 months of 1938 were 13 percent less than in the same months of last year. As indicated in the previous issue of this Review, the continued expansion in agricultural loans of commercial banks has tended in part, to hold demand deposits at a relatively higher level than that of agricultural income. The addition to the current purchasing power, resulting from the rapid rate of loan expansion in agricultural areas is reflected in the maintenance of rural retail sales at a relatively higher level than that of farm income. Figure 1 shows a comparison of demand deposits in country banks with rural retail sales, 1929 to 1938. (Annual and monthly data for demand deposits of country banks, by regional groups, are shown in table 12 of the Appendix to this issue of the Review.)

DEMAND DEPOSITS AND RURAL RETAIL SALES, 1929-38

INDEX NUMBERS (1929-31=100)



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\*        AGRICULTURAL LOANS OF COMMERCIAL BANKS --        \*  
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\*        FURTHER EXPANSION IS INDICATED        \*  
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During the first half of 1938, agricultural loans held by insured commercial banks continued the upward trend that has characterized their movement since the end of 1936. According to an analysis of the Bureau of Agricultural Economics, such loans increased from \$1,289,801,000 on December 31, 1937, to \$1,438,479,000 on June 30, 1938, an increase of 11.5 percent. Personal and collateral loans to farmers increased from \$788,351,000 to \$925,705,000 during the same period. Loans secured by farm real estate increased nominally from \$501,450,000 to \$512,774,000.

Outstanding loans of all types held by commercial banks, in the upward recovery movement that began in 1935, reached their peak on June 30, 1937. But agricultural loans held by commercial banks have shown a further increase of 16.8 percent since the latter date. As indicated in table 1, total loans of commercial banks, excluding agricultural loans have decreased 7.5 percent from June 30, 1937 to June 30, 1938.

Table 1.- Loans of commercial banks

Call date	Total loans	Agricultural loans	Total loans ex- cluding agri- cultural loans
	Million dollars	Million dollars	Million dollars
Dec. 30, 1934	20,473	1,306	19,167
June 29, 1935	20,272	1/	1/
Dec. 31, 1935	20,329	1/	1/
June 30, 1936	20,679	1,151	19,528
Dec. 31, 1936	21,449	1,081	20,368
June 30, 1937	22,514	1,231	21,283
Dec. 31, 1937	22,198	1,290	20,908
June 30, 1938	21,130	1,438	19,692

1/ Data unavailable.

For the United States as a whole, the low point in agricultural loans held by commercial banks was reached at the end of 1936, although in those areas where livestock was of major importance as security for loans, the low point was reached at least 2 years earlier. Personal and collateral loans to farmers in the West North Central, Mountain, and Pacific States have shown a general upward tendency since the end of 1934. (See table 2.) This situation was also true of Oklahoma and Texas in the West South Central States. The rapid rise in livestock prices after 1933 greatly increased the security



which farmers could offer for loans. This factor, as well as the fact that a considerable amount of livestock financing had been shifted to the regional Agricultural Credit Corporations in 1932 and 1933, explains in part the earlier recovery in the volume of agricultural loans in these areas.

Table 2.- Personal and collateral loans to farmers held by insured commercial banks, by geographic divisions, on specified dates, 1934, 1936, 1937 and 1938

Geographic division:	Dec.31, 1934	June 30, 1936	Dec.31 1936	June 30, 1937	Dec.30 1937	June 30 1938
	: 1,000	: 1,000	: 1,000	: 1,000	: 1,000	: 1,000
	: dollars	: dollars	: dollars	: dollars	: dollars	: dollars
New England	: 11,291	: 6,871	: 6,081	: 6,458	: 7,992	: 8,291
Middle Atlantic	: 64,324	: 51,304	: 38,648	: 43,999	: 43,174	: 47,434
East North Central	: 121,280	: 90,842	: 89,120	: 98,557	: 126,500	: 128,299
West North Central	: 188,567	: 200,295	: 190,512	: 211,236	: 242,593	: 255,759
South Atlantic	: 98,698	: 36,448	: 24,991	: 44,823	: 40,191	: 65,601
East South Central	: 87,891	: 40,976	: 26,865	: 47,428	: 54,141	: 94,851
West South Central	: 111,470	: 107,107	: 82,182	: 114,913	: 116,234	: 146,554
Mountain	: 58,497	: 59,496	: 69,298	: 68,644	: 76,602	: 76,287
Pacific	: 65,595	: 68,267	: 65,917	: 90,342	: 80,924	: 102,629
	: :	: :	: :	: :	: :	: :
United States	: 807,613	: 661,606	: 593,614	: 726,400	: 788,351	: 925,705

As pointed out in the previous issue of this Review (May 1938), the volume of outstanding personal and collateral loans to farmers at the end of 1937 was expanded by the Commodity Credit Corporation loan program. The amount of such loans carried by banks in the Southern States was particularly large and holdings of such loans were still in substantial volume on June 30, 1938. The Commodity Credit Corporation loan program for the 1938 cotton, wheat, and corn crops will tend to expand still further country-bank loans during the last half of 1938.

Loans secured by farm real estate reached their lowest level in recent years at the end of 1935 at which time they amounted to \$487,505,000. By June 30, 1938, such loans had increased only about 5 percent to a total of \$512,774,000.

A comparison of the holdings of such real estate loans by geographic regions, however, shows wide variations in trends. (See table 3.) In the West North Central and South Atlantic regions, the low point was reached at the end of 1934, and the holdings have shown a consistent upward trend since then. As compared with the end of 1934, such holdings on June 30, 1938, were 27.9 percent higher in the West North Central States and 17.8 percent higher in the South Atlantic States. All states in these two regions showed a higher volume of real estate loans at the end of this period than at the beginning except Missouri, North Dakota, and South Dakota in the former group of States and Delaware in the latter group. In the East North Central

States, the low point was reached on June 30, 1936, and in the Middle Atlantic and East South Central States at the end of that year.

A continuing downward trend was shown for farm real estate loans held by insured commercial banks in the New England, West South Central and, except for the first half of 1938, in the Mountain States.

Data on personal and collateral loans to farmers held by commercial banks, by States and regions, for several recent years are shown in table 10 of the Appendix to this issue of the Review. Similar data for farm real estate loans are shown in table 6.

Table 3.- Loans secured by farm real estate held by insured commercial banks on specified dates, by geographic divisions, 1934-38

Geographic Division	Dec. 31 1934	June 29 1935	Dec. 31 1935	June 30 1936	Dec. 31 1936	June 30 1937	Dec. 31 1937	June 30 1938
	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
	dollars	dollars	dollars	dollars	dollars	dollars	dollars	dollars
New England	17,606	17,923	16,951	15,704	15,105	14,076	13,760	13,394
Middle Atlantic	42,214	42,471	41,513	40,562	40,397	42,075	41,894	41,802
East North Central	108,336	105,759	104,121	104,008	104,810	110,616	111,062	115,500
West North Central	76,258	77,679	80,263	84,757	87,218	93,816	96,485	97,555
South Atlantic	43,520	45,613	45,506	47,342	47,397	50,589	48,415	51,266
East South Central	42,077	42,516	41,487	42,268	41,477	42,783	42,070	44,590
West South Central	34,194	33,050	30,860	29,742	27,314	27,795	25,705	25,688
Mountain	13,117	11,917	10,744	10,886	10,332	10,563	10,279	11,334
Pacific	121,520	119,547	115,960	114,048	112,985	111,825	111,780	111,645
United States	498,842	497,475	487,505	489,317	487,534	504,138	501,450	512,774

FEDERAL LAND BANK AND LAND BANK COMMISSIONER LOAN ACTIVITY DECREASES

The volume of new loans closed by the Federal land banks and the Land Bank Commissioner continued to decline during the first three quarters of 1938. (See table 2 in the Statistical Appendix to this issue of the Review.) New loans closed by these two agencies from January 1 to September 30, 1938, amounted to \$61,817,107 compared with a total of \$81,379,628 in the first 9 months of 1937.

The Federal land banks alone closed, on the average, \$4,344,741 per month in 1938; and combined with the Land Bank Commissioner the average was

\$6,868,567. In 1934, during the peak of the refinancing activities, the land banks had closed loans amounting to \$60,863,928 per month, and with Commissioner loans the monthly average was \$106,958,621. The average monthly closings for the Federal land banks in 1938 is smaller than for any year since 1917 except 1930, 1931 and 1932.

Loans outstanding by the Federal land banks and the Land Bank Commissioner decreased slightly each quarter in 1938, continuing the trend which started in 1936. (See table 1 in the Statistical Appendix.) A peak of \$2,902,834,072 was reached in October 1936, which compares with \$2,775,798,767 in loans outstanding on September 30, 1938. Of this latter total \$2,003,810,279 represents Federal land bank loans and \$771,988,488 represents Land Bank Commissioner loans.

Table 1.- Change in Federal land bank and Land Bank Commissioner loans Dec. 31, 1937 - June 30, 1938

Item	Federal land banks	Land Bank Commissioner	Total
Loans outstanding Dec. 31, 1937	\$2,035,306,748	\$ 812,749,284	\$ 2,848,056,032
Decreases in loans, Jan. 1- June 30, 1938			
Principal payments	30,219,159	26,475,136	56,694,295
Other deductions	16,405,085	17,126,510	33,531,595
Total	46,624,244	43,601,646	90,225,890
Loans closed, Jan. 1-June 30, 1938	29,013,423	16,920,530	45,933,953
Net change (decrease) Jan. 1-June 30, 1938	17,610,821	26,681,116	44,291,937
Loans outstanding, June 30 1938	2,017,695,927	786,068,168	2,803,764,095

The reduction in loans outstanding by these two agencies indicates that liquidation of loans is taking place in larger amounts than new loans are being made. Reports for the first half of 1938 indicate a total of \$30,219,159 principal repayments on Federal land bank loans and \$26,475,136 on Land Bank Commissioner loans, including both principal payments on maturing installments and loans paid in full. Other deductions from the mortgage loan accounts, including foreclosures and other acquisitions of real estate and transfers to the account "Loans called for foreclosure," amounted to \$33,531,595 in the first half of 1938. The foregoing table analyzes the reduction in loans outstanding.

FARM-MORTGAGE LOANS OF LIFE INSURANCE COMPANIES - -

SHARP DECLINE OF RECENT YEARS APPEARS TO BE LEVELLING OFF

Outstanding farm-mortgage loans of life insurance companies have been declining in amount each year since the beginning of 1928. But recently they have shown a tendency to level off. Such loans at the beginning of 1938, as estimated by the Bureau of Agricultural Economics, amounted to \$895,470,000 compared with \$936,454,000 a year earlier. As indicated in table 1, this is the smallest annual decrease since 1929.

Monthly data representing companies having about 75 percent of the farm-mortgage loans held by all life insurance companies indicate that during 1938 there has been very little change in the outstanding amount of mortgage loans. Data for these companies are shown in table 2.

The decrease of 4 percent in the outstanding farm-mortgage loans of all life insurance companies during 1937 was accounted for chiefly by reductions in Iowa, South Dakota, Nebraska, Kansas, and Oklahoma. Loans in a number of States, however, showed nominal increases. Included in this group are New York, Indiana, Maryland, Virginia, West Virginia, North Carolina, South Carolina, Georgia, Mississippi, Arkansas, Louisiana, New Mexico, Nevada, Oregon, and California. (Detailed data showing outstanding farm-mortgage loans held by life insurance companies, by States and regions, for the period 1930-38 are given in table 5 of the Statistical Appendix to this issue of the Review.)

Table 1.-Farm-mortgage loans held by life insurance companies, January 1, 1928-38

Year	Farm-mortgage loans	Net change from previous year (decrease) in farm-mortgage loans
	1,000 dollars	1,000 dollars
1928	2,172,863	
1929	2,138,980	-33,883
1930	2,105,477	-33,503
1931	2,059,221	-46,256
1932	2,007,361	-51,860
1933	1,869,160	-138,201
1934	1,661,046	-208,114
1935	1,258,900	-402,146
1936	1,054,770	-204,130
1937	936,454	-118,316
1938	895,470	-40,984

Farm-mortgage loans of life insurance companies represented about 12.6 percent of the estimated total farm-mortgage debt at the beginning of 1938, compared with 23 percent in 1930. Because of the heavy concentration of their loans in the West North Central States, loans of these companies represented 19 percent of the total estimated farm-mortgage debt in this group of States. In the West South Central States they represented 16 percent and in the East North Central States 13 percent of the total.

Farm-mortgage loans held by life insurance companies now represent only about 3 percent of their admitted assets. With their substantial holdings of acquired farms, however, total farm investments are substantially a larger percentage of their total admitted assets. While the total of farm real estate loans declined from \$2,105,477,000 at the beginning of 1930 to \$895,470,000 in 1938, a decrease of 57.5 percent, their combined investment in farm loans and acquired real estate decreased from \$2,225,497,000 to \$1,600,677,000 - a decrease of 28.1 percent.

While total real estate holdings of life insurance companies decreased nominally during 1937, increases in such holdings were found in Wisconsin, Minnesota, North Dakota, South Dakota, Nebraska, Colorado, Utah, and Oregon. The decrease in real estate holdings in 1937 is attributed, in part, to a smaller rate of acquirement during that year as compared with previous years.

Table 2.- Farm-mortgage loans outstanding of  
37 life insurance companies<sup>1/</sup>, 1937-38

End of month	:	1937	:	1938
	:	1,000 dollars	:	1,000 dollars
January	:	708,000	:	674,000
February	:	703,000	:	673,000
March	:	696,000	:	674,000
April	:	691,000	:	672,000
May	:	689,000	:	672,000
June	:	688,000	:	672,000
July	:	686,000	:	672,000
August	:	683,000	:	670,000
September	:	685,000	:	
October	:	683,000	:	
November	:	678,000	:	
December	:	675,000	:	

<sup>1/</sup> Association of Life Insurance Presidents. These 37 companies, at the end of 1937, held 75.4 percent of the estimated farm-mortgage loans held by all life insurance companies.



FARM REAL ESTATE HOLDINGS OF LEADING LENDING AGENCIES --

NET REDUCTION IN 1937 IS THE FIRST IN RECENT YEARS

The combined total investment in acquired farm real estate held by a group of five important lending agencies decreased during 1937 for the first time in any year since before 1929. The Bureau of Agricultural Economics reports a decrease from \$1,058,670,000 at the beginning of 1937 to \$1,027,626,000 at the beginning of 1938 - a decrease of 2.9 percent. Included in this group of lending agencies are the Federal land banks and Federal Farm Mortgage Corporation, life insurance companies, joint-stock land banks, insured commercial banks, and three State credit agencies.

Table 1.- Acquired farm real estate held by leading lending agencies, January 1, 1929-38

Year	Federal land banks and Federal Farm Mortgage Corporation <sup>1/</sup>	Life insurance companies <sup>2/</sup>	Joint- stock land banks <sup>3/</sup>	All active insured commercial banks <sup>4/</sup>	Three State credit agencies <sup>5/</sup>
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
1929	26,478	88,305	15,236	6/	19,540
1930	29,517	120,020	19,685	6/	26,860
1931	36,865	151,229	22,202	6/	33,511
1932	53,587	219,947	37,957	6/	39,008
1933	83,158	316,931	71,741	6/	47,454
1934	96,632	465,072	85,740	6/	56,094
1935	96,665	600,873	81,700	6/	60,270
1936	119,864	646,280	78,202	7/ r74,166	61,531
1937	134,754	713,166	72,781	r69,525	68,444
1938	132,038	705,207	62,030	56,311	72,040

1/ Investment, including sheriffs' certificates and judgments. Real estate by Federal Farm Mortgage Corporation excludes the amount of mortgages not assumed, as follows: 1936, \$174,698; 1937, \$4,588,071; and 1938, \$7,540,357. Data for 1938 exclude judgments held by the Federal Farm Mortgage Corporation. Data for Puerto Rico excluded.

2/ Investment - partially estimated.

3/ Carrying value of real estate, including sheriffs' certificates and judgments. Real estate held by banks in receivership included at book value.

4/ Book value. Revised data for 1936 and 1937.

5/ Investment. Rural Credit Board of South Dakota, Bank of North Dakota and Department of Rural Credit of Minnesota.

6/ Data unavailable.

7/ June 30.

As indicated in table 1, each of these five agencies, except the State credit groups, showed a net decrease in their farm real estate holdings during 1937. The peak of the holdings of the joint-stock land banks was reached at the beginning of 1934 and decreased in each subsequent year. These institutions have been in liquidation since May 1933. Real estate holdings of insured commercial banks have been declining continuously since June 30, 1936, the earliest date for which such data are available.

The combined farm real estate holdings of the Federal land banks, joint-stock land banks, life insurance companies, and the three State credit agencies decreased during 1937 in all geographic divisions of the country except in the West North Central States where such holdings increased from \$631,000,000 to \$651,000,000. All States in this region except Iowa and Kansas, showed increases. Outside of the West North Central States, increased investment in farms was found in Wisconsin, Montana, Colorado, Utah, Oregon, and in six other States where total holdings are merely nominal.

The largest decreases in total investment in acquired farms occurred in the East South Central, West South Central, East North Central, and South Atlantic States, in the order named.

Table 2.- Estimated investment in acquired farm real estate held by four leading lending agencies, 1929-38<sup>1/</sup>

Year beginning :	Estimated investment 1,000 dollars	Net change in acquired farm real estate from previous year 1,000 dollars
1929 :	149,559	:
1930 :	196,082	+ 46,523
1931 :	243,807	+ 47,725
1932 :	350,499	+106,692
1933 :	519,284	+168,785
1934 :	703,538	+184,000
1935 :	839,508	+136,000
1936 :	905,907	+ 66,399
1937 :	989,145	+ 83,238
1938 :	971,315	- 17,830

<sup>1/</sup> Includes Federal land banks and Federal Farm Mortgage Corporation, life insurance companies, joint-stock land banks and three State credit agencies.

While the volume of acquired real estate continued to increase until the beginning of 1937, the trend in the amount of net annual increase has been generally downward since 1933. The rate of annual change in this type of investment is indicated in table 2 which shows the estimated investment in acquired farm real estate for the leading lending agencies excluding only commercial banks.

BOOK REVIEWS

Anderson, Hobson Dewey. Our California State Taxes; facts and problems.  
305 pp. Stanford University, Calif., Stanford University Press,  
London, H. Milford, Oxford University Press (1937)

The dreariness so frequent in tax literature is largely avoided in Mr. Anderson's book on Our California State Taxes. This is accomplished by holding the discussion to problems currently faced in raising State revenues. Treatment of practical tax policy is woven around the past, present and possible tax system of the State, yet a major portion of the discussion is of much more general interest to the subject of taxation. Little space is devoted to statistics; statistics are assumed, not proved, and the discussion is concerned with their social significance. Descriptive and historical material is introduced in moderation and in a generally interesting manner.

For most students of social subjects, fundamental interest in the book will hardly attach either to the description of the California State tax system or to the historical comments. Stimulus probably will come rather from the logical attitude, taken regarding (1) a community's ability to support government and (2) the relative ability of various classes within a State to pay taxes. The writer's classification of individual taxes as to desirability, justice and yield is likely to lead a careful reader to wide difference of opinion at many points, although perhaps no two readers would entirely agree in their criticisms. It is stated, for example, that present automobile taxes in California: (1) if considered as property taxes should be lowered to the general property tax rates; (2) if considered as licenses "should be limited to the requirements of the department which serves motorists". It is further implied by quotation that motor vehicles should not bear total road costs. Finally in regard to the immediate point, it is argued at some length that less revenue should be used for highway purposes. The implied justice of decreased automobile taxes is plain; but is the matter so simple?

Why should motor vehicles not contribute with other property to the general fund in addition to paying license fees? Should automobiles be taxed less because they and the highways contribute to social welfare? Would the writer also suggest taxing banks less because of their social desirability? Apparently not. Incidentally the author's quotation that improved roads add to the value of lands is of questionable validity if taken as a universal proposition. (Also the statement that the extent of highway wear and tear by different classes of licensed vehicles cannot be reasonably well ascertained seems denied by engineering studies made of the subject.)

Turning to the systematic or schematic classification of individual taxes by desirability, there is in at least one instance some question that the writer holds logically to the ability theory, which he professes. Corporation income he calls a satisfactory tax source. This is not easy to demonstrate conclusively on an ability basis, except from a very short-time view. Obviously impersonal corporations cannot have personal wants; and so they have tax-paying ability whenever they have net income. But in relation to incidence is it not somewhat unreal to divorce this fact from the person of the owners? On what classes of persons does a corporate net income tax fall? If corporate profits become the income of individuals, it appears necessary to identify the corporation stockholders in order to determine the degree to which the income represents tax-paying ability. The interplay with a personal income tax, assumed by the author, adds the complication of double taxation - not necessarily harmful - on some part of the personal shares in corporate profits.

The question can be expanded to ask whether taxes can properly be classified by their immediate relationships, and further whether the writer is on firm ground in classifying any one tax definitively except with realization of all other components of the system and the rates and conditions of each.

The author's classification does lip service to another Californian, Henry George, by the ambiguous listing of a tax on "the unearned increment in land values". As it is stated, few persons probably would take exception to the proposition, yet popular agreement on the measurement of such unearned gains has never appeared to approach practical possibility. In fact, the author seems to agree that such a tax should not at present be included as a component of a serious tax proposal. 1/

The conservative tax student should not let the author's concept of society's ability to support government deter him from enjoying the book. Essentially this concept is that "the tax resources of the State, as determined by the surplus above-living needs of its citizens and the profits of its business institutions, are ample for California to provide a very high level of public service through its State and local governments".

The concept may seem extreme; it may seem to describe emergency tax resources rather than normal ones. Nevertheless, the position is not convincingly answered by being ignored. What is normal tax-paying ability in a community, on what factors does it depend, and how is it distributed among various classes of persons and resources? In a very readable way Mr. Anderson presents one viewpoint on these questions.

1/ It should be observed, however, that a proposal somewhat resembling the "single tax" was submitted to the California voters by referendum in the 1936 election, and was voted down.

Donald Jackson, Senior Agricultural Economist.

Woodruff, Archibald M., Jr. Farm Mortgage Loans of Life Insurance Companies. 204pp. New Haven, Published for Williams College by Yale University Press; London, H. Milford, Oxford University Press, 1937. (Williams College, David A. Wells Prize Essays No. 7.)

The purpose of this book, according to the author's introductory statement is to answer two questions: "(1) Under what circumstances were farm mortgage loans of life insurance companies made?" "(2) How have they survived the economic crises and depression following 1929?" The book is divided into four parts and two appendices, as follows: Part I, Description of the Mortgage Loan Investment; Part II, Foreclosure and Liquidation; Part III, Depression Legislation Affecting the Mortgage Investment; Part IV, Summary and Conclusions; Appendix A, The Legal Aspects of a Mortgage; Appendix B, Moratorium Legislation in Thirty States. The author has apparently consulted a considerable amount of published material in this field, and, in addition, has presented tabulations made from the sworn annual statements of certain life insurance companies.

In the light of the stated purposes of the book, the results are disappointing in many respects. The analysis in Chapter II of the conditions under which the farm mortgage loans of life insurance companies were made contains numerous errors of fact and many unsupported statements which may be questioned. For example, on page 24 the reader is informed that "twelve Federal Land Banks were organized in 1918, in districts roughly corresponding with the Federal Reserve Districts". The year 1918 is incorrect, and a comparison of the Federal land bank districts with the Federal Reserve districts indicates that the two groups of districts do not correspond even roughly. On page 25 appears the following statement: "In 1920 the (life insurance) companies generally made reductions in their interest rates, especially in good regions." This statement may be true for certain companies or for particular regions, but it apparently is not correct for all companies for entire States, as is indicated by the following data on average interest rates on farm mortgages recorded by life insurance companies.<sup>1/</sup>

State	: Average interest rates on farm mortgages recorded by : life insurance companies			
	: 1918	: 1919	: 1920	: 1921
Ohio	: 5.7	: 5.7	: 5.9	: 6.4
Indiana	: 5.6	: 5.6	: 5.8	: 6.2
Illinois	: 5.4	: 5.7	: 5.8	: 6.2
Iowa	: 5.5	: 5.5	: 5.6	: 6.0
North Dakota	: 5.9	: 6.1	: 6.4	: 6.4
South Dakota	: 5.6	: 5.7	: 6.0	: 6.4
	:	:	:	:

Much emphasis is placed throughout Chapter II upon the competition of the Federal land banks and the joint stock land banks for farm mortgages during the years 1919 and 1920. On page 24 it is stated that in this period the bonds of these agencies found a ready market. This statement is not borne out by the reports of the Federal Farm Loan Board for that period. On page 27, the statement that "There are no figures for (the number of)

<sup>1/</sup> These figures are assembled from separate State releases entitled "Farm Mortgage Recordings 1917-35" issued by the Bureau of Agricultural Economics during 1937 and 1938.



mortgaged farms other than those operated by owners prior to 1920," implies that such figures are available for 1920; but the first year in which the United States Department of Agriculture published estimates of the percentage of tenant-operated farms under mortgage was 1925. In the same paragraph it is stated that there is reason to believe that the 18 percent increase in mortgaged owner-farms from 1910 to 1920 was more than matched for tenant-operated farms, but no reason is offered in support of this conclusion.

Even more disconcerting is an obvious elementary error in Chapter II in the interpretation of certain statistics used to measure the percentages of the estimated total volume of farm-mortgage loans outstanding in 1928 which were made in certain periods from 1910 to that date. After reciting the estimates of total farm-mortgage debt for 1910, 1920, 1925 and 1928, the author makes the following observations: (Page 28)

"It is thus clear that of the total mortgage debt of 1928, 35.7 per cent was outstanding in 1910, about 83 per cent was outstanding in 1920, and about 99 per cent outstanding in 1925. In other words, 47.3 per cent of the mortgage debt outstanding in 1928 was made between 1910 and 1920, largely toward the end of that period on the upswing of the land boom. From 1920 to 1930 an additional 16 per cent of the dollar volume of the mortgage debt came into being."

The confusion of the net increase of farm-mortgage debt during a given period with the volume of mortgage loans made during that period, and with the volume of outstanding mortgage debt as of a later date which came into being during the period, would not be so serious if it did not affect directly the conclusions reached later in the book with regard to the adequacy of the security of farm-mortgage loans of life insurance companies. On the basis of reasoning similar to that quoted, the following conclusion is reached (page 36):

"Of the \$2,130,458,000 life company loans outstanding in 1928, about 45 per cent were based on appraisals made before the land boom, 20 per cent on appraisals made during the boom, and 35 per cent on appraisals made after the boom."

To arrive at this conclusion it is necessary to assume that the net increase in mortgage holdings during each period measures the amount of mortgage debt outstanding in 1928 that came into being during that period, an assumption that is false on the face of it.

In Chapter VII an attempt is made to determine the level of land values at the time the life insurance company loans outstanding in 1928 were made and the extent to which land values had fallen at the time when liquidation was undertaken. The following indicates the type of reasoning followed in this inquiry (page 95):

"With land values at 68 (in 1935) in the important east and west north central groups of states, the maximum loan theoretically susceptible to profitable liquidation would be one made at a land value of 136. Inasmuch as 50 per cent of 136 is equal to 68, any loan amounting to not

more than one half of a value of 136 could be liquidated in 1935 for a price sufficient to recover the principal. It has been demonstrated that 79 per cent of the maximum loan account was contracted at times when land values were under 139. All but a very few of these loans were thus margined in 1935. Since the majority of them represented valuations substantially less than 139, most of these loans were fairly well margined."

Inasmuch as the demonstration that "79 per cent of the maximum loan account was contracted at times when land values were under 139" is based on data showing the outstanding farm-mortgage loans of life insurance companies in 1916 and the net increase of such loans during certain periods after 1916, very little value attaches to the conclusions presented.

On page 96 it is stated "statistical proof is available for the contention that most foreclosures could be liquidated in the depression without loss of principal", although the only "statistical proof" offered is in the form of certain statistics presented on the following page for one company showing only the cost to date of foreclosure of farms sold during 1934, 1935 and 1936. Such statistics have no bearing on the ability of the life insurance companies to liquidate their foreclosed loans without loss of principal.

Chapters 10 and 11, devoted to the subject of aids to liquidation of farm mortgages, contain numerous errors of fact and misleading statements. On page 126, for example, it is stated that the Emergency Farm Mortgage Act of 1933 provided for "the refinancing through the Federal and Joint Stock Land Banks of farm mortgages already foreclosed or in danger of foreclosure." The author apparently has confused the joint stock land banks with the Land Bank Commissioner. On page 139 it is stated that the "debts eligible for Land Bank refinancing were limited to first mortgages on farm land." On page 155 appears the following:

"On the other hand, many of the loans which the Federal Land Banks and the Land Bank Commissioner refinanced were desirable loans. These were running at a median rate of 6 per cent, as were all farm mortgages before 1933."

This statement is only one of several in the book in which averages are used without recognition of dispersion around the average. On page 156 the author gives his own estimate of the total volume of farm-mortgage debt outstanding in 1935 as about \$9,000,000,000, which is much higher than the estimates by the United States Department of Agriculture of \$7,645,091,000 for January 1, 1935.

The best chapters in the book are Chapter I, which describes the process by which life insurance loans or farm mortgages are made, and Chapter III, which presents an analysis of the lending policies of life insurance companies. Appendix A on "The Legal Aspects of a Mortgage", covering less than two pages, is too brief to be of much value. Appendix B which deals with "Moratorium Legislation in Thirty States" is largely a running commentary on the laws of the several States and the court decisions pertaining to these laws.

It seems unfortunate that this essay should have been published for general use without a more thorough critical review of the accuracy and the interpretation of the material presented.

Donald C. Horton, Agricultural Economist.

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Loans for Developing Water Facilities - In describing the new program for developing water facilities, F. R. Kenney states: "The need for conserving and utilizing rainfall in the arid and semi-arid West has long been recognized, and various agencies have attacked the problem in their own ways. But not until passage of the Water Facilities Act of 1937 did a comprehensive program to aid the farmer and rancher through small water developments on his own land come into being. Now, with an appropriation of \$500,000 from Congress (the first under this act), and an allotment of \$5,000,000 by the Farm Security Administration for the rehabilitation of needy farmers through the provision of necessary water facilities, the initial drive is being launched to promote a better use of land by means of small water developments. Specifically, the program will operate in 17 States--all the Northern and Southern Great Plains, and the States to the west of them. (Mr. Kenney is in charge of water utilization planning in the Bureau of Agricultural Economics land utilization program.)

"Water facilities' is a term which includes ponds, reservoirs, diversion dams, wells, pumps and windmills, springs, stock-water tanks, and various auxiliary methods of small-scale irrigation. On no one project may more than \$50,000 be spent, and for any facility costing more than \$2,000, specific approval must be had from the Water Facilities Board. Thus, in no case will the program touch upon the type of development carried out by the Bureau of Reclamation.

"Farmers cooperating in the program will be required to repay as much as they can of the cost of installing water facilities. Both to protect the Government's financial interest and to insure that the long-term objective of good land use will be achieved, farmers, in order to qualify for help, must agree to carry out farm plans drawn up in consultation with representatives of the Department. These management plans will provide for the adoption of good land use practices, the production of adequate food for family and livestock, and the cultivation of those cash crops that will best enable the farmer to repay his obligations and meet operating expenses.

"Though facilities will be constructed on privately-owned land, the program will not necessarily be confined to dealing with individual land owners. Arrangements may also be made with cooperative associations, mutual water companies, irrigation districts, soil conservation districts, and similar groups interested in developing the water resources of an approved area. Also, facilities may be built for tenants - if they first obtain a sufficiently stable tenure from their landlords so that their opportunity to repay is reasonably assured." -- From the September-October 1938 issue of the Land Policy Review.

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LEGISLATION RELATING TO AGRICULTURAL FINANCE ENACTED BY THE  
75th CONGRESS, SECOND AND THIRD SESSIONS 1/

PUBLIC NO. 416 (S. 2675) -- AMENDING FEDERAL CREDIT UNION ACT. (Approved December 6, 1937.)

Amends the Federal Credit Union Act so as to repeal the provision authorizing audit of small Federal credit unions by practicing accountants in lieu of examination, to authorize fees for examination of unions to be fixed in accordance with ability to pay, to authorize loans between unions, to authorize a study of cooperative saving and lending, and to exempt certain property of credit unions from taxation.

PUBLIC NO. 424 (H. R. 8730) -- NATIONAL HOUSING ACT AMENDMENTS OF 1938.  
(Approved February 3, 1938.)

Modifies the provisions of the National Housing Act with a view to stimulating home building. Sec. 203 (d) authorizes insurance of any mortgage which covers a farm upon which buildings are to be constructed or repaired if at least 15 percent of the principal obligation is used for materials and labor.

PUBLIC NO. 430 (H. R. 8505) -- AGRICULTURAL ADJUSTMENT ACT OF 1938. (Approved February 16, 1938.)

Title III - Loans, Parity Payments, Consumer Safeguards,  
and Marketing Quotas.

Subtitle A - Definitions, Loans, Parity Payments, and Consumer Safeguards.

Authorizes the Commodity Credit Corporation to make loans on agricultural commodities. Requires the Corporation to make loans on wheat, cotton, or corn whenever the supply exceeds a normal year's domestic consumption and exports. Also requires it to make loans on wheat if on July 15 the farm price is below 52 percent of parity, and on cotton if on August 1 the average price is below 52 percent of parity, and on corn if the price is below 75 percent of parity. Provides that loans to cooperators in such cases shall be at a rate between 52 and 75 percent of parity and that loans to non-cooperators shall be at a rate equal to 60 percent of the rate to cooperators. Authorizes parity payments to producers of corn, wheat, cotton, rice, and tobacco, if and when appropriations are made therefor. Provides for consumer safeguards by requiring continuous, stable, and adequate supply of commodities at fair prices.

1/ This digest of legislation enacted by both the Second and Third Sessions of the 75th Congress (November 16 to December 21, 1937, and January 3 to June 16, 1938, respectively) has been abstracted from Budget and Finance Circular No. 85, issued July 8, 1938.

Title V - Crop Insurance.

Establishes the Federal Crop Insurance Corporation, managed by a board of three departmental employees, with a capital stock of \$100,000,000 (not more than \$20,000,000 to be appropriated therefor in 1938). The Corporation is authorized to insure wheat producers against loss in yield of wheat owing to unavoidable causes such as drought, flood, insect infestation, plant disease, etc. Contracts for the first three years shall be of one year's duration, and shall cover not less than 50 percent nor more than 75 percent of the recorded yield for a representative base period. Authorizes annual appropriations of not to exceed \$6,000,000 for administrative and operating costs. (See Public No. 644, 75th Cong., post.)

PUBLIC NO. 432 (H. R. 9379) -- CANCELLATION OF CERTAIN OBLIGATIONS OF RECONSTRUCTION FINANCE CORPORATION. (Approved February 24, 1938.)

Directs the cancellation of certain obligations of the Reconstruction Finance Corporation incurred in supplying funds for relief purposes, among which were certain farm loans.

PUBLIC NO. 439 (S. 2215) -- EXTENDING AGRICULTURAL COMPOSITIONS AND EXTENSIONS PROVISIONS OF BANKRUPTCY ACT. (Approved March 4, 1938.)

Extends until March 4, 1940, the provisions of Sec. 75 of the Bankruptcy Act, as amended, which relates to agricultural compositions and extensions. Also reduces the fee paid to conciliation commissioners in certain cases.

PUBLIC NO. 440 (H. R. 9306) -- FIRST DEFICIENCY APPROPRIATION ACT, 1938.  
(Approved March 5, 1938.)

Among other provisions:

- (a) Appropriates \$16,700,000 for payments to Federal land banks on account of reductions in interest rate on mortgages. (p. 8.)
- (b) Appropriates \$2,500,000 for payments to Federal Farm Mortgage Corporation on account of reduction in interest rate on mortgages. (p. 8.)

PUBLIC NO. 442 (H. R. 9361) -- MAINTENANCE OF CAPITAL OF COMMODITY CREDIT CORPORATION. (Approved March 8, 1938.)

Directs the Secretary of Agriculture, the Farm Credit Administration, and the Reconstruction Finance Corporation to transfer to the United States all title to capital stock of the Commodity Credit Corporation, provides for maintenance of the net worth of the Corporation at \$100,000,000, and authorizes the Corporation to issue and have outstanding at any one time not more than \$500,000,000 of bonds, notes, debentures, etc. (See Public No. 723, 75th Cong., post.)

PUBLIC NO. 453 (H. R. 8947) -- TREASURY-POST OFFICE DEPARTMENTS APPROPRIATION ACT, 1939. (Approved March 28, 1938.)

Title I - Treasury Department



- (1) Appropriates \$8,200,000 for payments to the Federal Farm Mortgage Corporation and \$20,500,000 for payments to Federal land banks on account of reductions in interest rate on mortgages. (p. 2.)

PUBLIC NO. 534 (H. R. 8837) -- INDEPENDENT OFFICES APPROPRIATION ACT, 1939.  
(Approved May 23, 1938.)

Among other provisions:

Appropriates \$41,702,000 for the Rural Electrification Administration.  
(pp. 15-16.) (See also Public Resolution No. 122, 75th Cong., post.)

PUBLIC NO. 554 (H. R. 9682) -- REVENUE ACT OF 1938. (Became law without President's approval May 28, 1938.)

Sec. 13 (f) provides that in the computation of the tax on a joint-stock land bank organized under the Federal Farm Loan Act, the tentative tax shall be reduced by  $2\frac{1}{2}$  percent of the adjusted net income, instead of by  $2\frac{1}{2}$  percent of the dividends paid credit. (p. 10.)

Sec. 101 exempts farmers' cooperatives, Government corporations, and voluntary employees' beneficiary associations from the tax on corporations. (pp. 38-40)

Sec. 713 exempts cooperative or nonprofit corporations engaged in rural electrification from excise taxes. (p. 140.)

Sec. 817 provides that income derived from mortgages made or obligations issued by a joint-stock land bank shall be included in gross income and shall not be exempt from Federal income taxation. (p. 146.)

PUBLIC NO. 643 (H. R. 10530) -- EXTENDING LOW INTEREST RATES ON CERTAIN FARM LOANS. (Became law June 16, 1938.)

Extends the  $3\frac{1}{2}$ -percent interest rate on certain Federal land-bank loans and the 4-percent interest rate on Land Bank Commissioner's loans until July 1, 1940. (Vetoed June 15, 1938. Passed Congress over veto June 16, 1938.)

PUBLIC NO. 691 (S. 4076) -- TO AMEND THE FEDERAL CROP INSURANCE ACT. (Approved June 22, 1938.)

Amends the Federal Crop Insurance Act so as to permit the acceptance of payments from producers in any year to be applied toward premiums on their insurance contracts for the current and next succeeding year.

PUBLIC NO. 723 (H. R. 10851) -- SECOND DEFICIENCY APPROPRIATION ACT, 1938.  
(Approved June 25, 1938.)

Among other provisions:

- (a) Appropriates \$94,285,404.73 for restoration of capital impairment of the Commodity Credit Corporation under the provisions of Public No. 442, 75th Cong. (p. 39.)
- (d) Appropriates \$50,000,000 and the unexpended balance of funds made

available by the Second Deficiency Appropriation Act, 1937 (Public No. 121, 75th Cong.) for refunds and payments of processing and related taxes. (p. 41.)

- (e) Provides for refunds of taxes collected under the Bankhead Cotton Act of 1934, the Kerr Tobacco Act, and the Potato Act of 1935. (pp. 41-42.)

PUBLIC RESOLUTION NO. 78 (H. J. Res. 571) -- APPROPRIATIONS FOR ADMINISTRATION OF SUGAR ACT AND FOR CROP LOANS. (Approved February 4, 1938.)

Continues during the fiscal year 1939 the availability of current appropriations for crop production and harvesting loans (Farm Credit Administration).

PUBLIC RESOLUTION NO. 122 (H. J. Res. 679) -- WORK RELIEF AND PUBLIC WORKS APPROPRIATION ACT OF 1938. (Approved June 21, 1938.)

Title I - Work Relief and Relief

Appropriates \$175,000,000 together with unexpended balances, for the Farm Security Administration, extends the Administration until June 30, 1939, and provides that this appropriation shall be so apportioned and distributed as to last throughout the fiscal year 1939.

Title IV - Rural Electrification Loans

Authorizes \$100,000,000 to be made available for rural electrification loans in 1939, in addition to the amount provided for by the Rural Electrification Act (Public No. 605, 74th Cong.). (See Public No. 534, 75th Cong., supra.)

S. RES. 205 -- CONTINUING INVESTIGATION OF AMERICAN COTTON COOPERATIVE ASSOCIATION. (Agreed to March 21, 1938.)

Continues S. Res. 137, 75th Cong., which authorized an investigation of the activities of the American Cotton Cooperative Association in connection with the cotton financed by Federal loans by the Commodity Credit Corporation and the Cotton Producers Pool and of the organization and membership of the Association.

S. RES. 303 -- ESTABLISHING COMMITTEE ON TAXATION OF GOVERNMENTAL SECURITIES AND SALARIES. (Agreed to June 16, 1938.)

Establishes a special Senate Committee on the Taxation of Governmental Securities and Salaries, to investigate "the taxation, and the exemption from taxation, of (1) securities issued by . . . the United States or the several States . . . ; (2) income derived from such securities; and (3) income received as compensation from the United States or from any State . . ." Authorizes the Committee to use the services, information, facilities, and personnel of the Government departments.

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A review of the economic situation which takes up first the status of the Banque Agricole et Coopérative de Bulgarie, and then the economic situation of the country for 1937. In the field of credit, after the conversion of old debts, credit organization is being stabilized and is drawing new deposits.

Anstsin, T. Note on the co-ordination of co-operative credit agencies in India. In Year book of agricultural co-operation, 1938, pp.247-251. Edited by the Horace Plunkett foundation. London, P.S. King & son, Ltd., 1938.

Banco de la Nación Argentina. Revista... v.1, no.2, 1938. pp.57-102. Buenos Aires, 1938.

The importance of the Argentine National Bank in the economic and social life of the nation is pointed out, and an account is given of its operatives, with special reference to 1937. The greater part of

the report deals with the agricultural credit operations of the bank, the reasons for which loans are granted, the types of recipients, and the creation of agricultural credit agencies. It is noted that between September 1935 and the end of February 1938 the bank lent 35,925,486 pesos in 2445 loans of which about 2150 were made for the acquisition of land. The amount of the loans being limited by law to a maximum of 30,000 pesos per person it was possible to purchase 288,840 hectares of land, divided into small and medium-sized holdings according to the region and the economic capacity of the holder, with a general average of 135 hectares per family.

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French, German, Italian.

Proceedings of the Fifth International Agricultural Credit Conference held in Vienna, September 9-11, 1936. The reports deal with the financing of harvests, agricultural indebtedness, and the rôle of agricultural credit in the development of agricultural enterprises in mountainous regions.

Partial contents: Le financement des récoltes, by Louis Tardy, pp.25-31. Also in German, pp.32-38. [Deals with the financing of wheat and wine; Le anticipazioni sui prodotti agricoli attraverso le associazioni agrarie cooperative in rapporto all'organizzazione delle vendite collettive, alla difesa dei prezzi e all'indirizzo della produzione, by Egidio Pardini, with summaries and conclusions in French and German, pp.39-99. [Discusses agricultural cooperation in various European countries; Le financement des récoltes en Pologne, by the "Banque Agraire d'Etat" in Warsaw, with German summary, pp.100-128. [The financing of crops in Poland; Il credito

agrario alle associazioni di produttori agricoli, by Aldo Ramadoro, with French and German summaries, pp.129-147. [Discusses the regulation of agricultural credit as it is dispensed to the associations of agricultural producers in Italy;]; L'endettement des agriculteurs et les mesures propres à faciliter le remboursement des dettes agricoles, by Louis Tardy, pp.151-179. Also in German, pp.180-211. [Summarizes some of the principal measures adopted in various agricultural countries for the relief of agricultural indebtedness;]; Die Entschuldung der Landwirtschaft, by Wolfgang Drechsler, with French summary, pp.212-221. [Measures for the relief of agricultural indebtedness in Germany;]; L'endettement des agriculteurs et les mesures aptes à faciliter le remboursement des dettes agricoles en Pologne, by the "Banque Agraire d'Etat" in Warsaw, with German summary, pp.222-252. [Relief of agricultural indebtedness in Poland;]; L'endettement de l'agriculture et les mesures propres à faciliter le remboursement des dettes agricoles en Pologne, by the "Banque de l'Economie National" in Warsaw, with German summary, pp.253-286. [Relief of agricultural indebtedness in Poland;]; Le crédit agricole et son rôle dans le développement des exploitations agricoles dans les régions montagneuses, by Mario Ravà and others, pp.289-312. Also in German and Italian, pp.313-359. [The rôle of agricultural credit in the development of agricultural enterprises in mountainous regions;]; Other papers on the same subject are by André Cramois, pp.360-373; Mario Bandini, pp.374-410; Mario Tofani, pp.411-432; the Confederazione Fascista delle Aziende del Credito e delle Assicurazione, pp.433-440; Eduard Patka, pp.441-451; and the Union des Coopératives Agricoles Tchèques, pp.452-457.

Cooke, Gilbert W. The North Dakota rural credit system. Jour. Land & Pub. Utility Econ. 14(3): 273-283. August 1938. (Published by Northwestern University, 337 East Chicago Ave., Chicago, Ill.)

Costanzo, G. Colonial agricultural credit. Monthly Bull. Agr. Econ. and Sociol. [reprint from Internatl.Rev.Agr.] 29(4): 167E-184E. April 1938. (Published by the International Institute of Agriculture, Rome, Italy)

The following is a summary as given on p.167E:

"I. General aspects: Difficulties of the problem of agricultural credit in the colonies. Difficulties due to the human factor. Difficulties due to physical conditions. Difficulties due to the system of land tenure. The absence of a land register often excludes a priori the exercise of land credit properly so called. Necessity of preliminary inquiries regarding existing conditions and agricultural possibilities in the regions where credit is to be organized. Agricultural credit in the colonies must be adapted to conditions case by case. The solution to be adopted ultimately depends on the objects in view in the work of colonisation. Colonisation for economic purposes and colonisation as an outlet for surplus



population. Types of agricultural credit necessary for the exploitation of the land. The question of funds and of credit institutions. - II. The position in certain colonies: British colonies and protectorates. French colonies and protectorates. Italian colonies. The Netherlands Indies. Belgian Congo."

Craig, G.H. Indebtedness of farm operators in the Vulcan-Lomond area of Southern Alberta. Econ. Annalist 8(2): 21-24. April 1938. (Published by the Economics Division, Marketing Service, Dept. of Agriculture, Ottawa, Canada)

"This article is an excerpt from an unpublished report on 'An Economic Study of Land Utilization in the Vulcan-Lomond Area in Southern Alberta.' The first part appeared in The Economic Annalist for February, 1938, and other excerpts in the issues of April, June, October and December, 1937." Subtopics; Change in debt position 1934-35; size of farm and change in debt position; soil and change in debt position; tenure and change in debt position; reasons for obtaining mortgages.

Le crédit agricole en France. Revue des Agriculteurs de France 69(12): 465-467. December 1937; 70(1): 11-14. January 1938; (2): 55-59. February 1938. (Published at 8, Rue d'Athènes, Paris, France.)

In the first article the author traces the growth of the idea of the need for credit in agriculture. He then describes the set-up by means of which the State provides credit for the farmer, and discusses the organization and operation of the local and regional banks and of the National Bank of Agricultural Credit, and the types of credit granted. In the third article a survey is made of the credit obtainable from private banking institutions and through notaries, and attention is called to the various conditions of indebtedness and need for relief in different parts of the country. A comparative table of agricultural indebtedness in the principal agricultural countries shows that it is relatively small in France. The author attributes this in the main to the good quality of the French soil, to the balance between agriculture and industry which enables the farmer to sell his products at home, and to the cautious temperament and careful management of the French farmer. He deplores the modern tendency to allow the State to obtain a stranglehold which will cripple individual initiative and discipline, and urges the further development of the mutual credit system.

Crédito agrícola. El Agricultor Venezolano 2(24): 78-80. April 1938. (Published by the Ministerio de Agricultura y Cria, Caracas, Venezuela)

Describes the credit operations of the Banco Agrícola y Pecuário, which under the existing law grants credit for the clearing of debts, for the financing of arable properties, and for the execution of regular farm works discussed previously

Engquist, E.J., Jr., and Back, N.A. Trends of farm-mortgage interest rates. Agr. Finance Rev. 1(1): 35-42. May 1938. (Published by the Bureau of Agricultural Economics, U.S. Dept. of Agriculture, Washington, D.C.)

"This article is based on a series of reports, one for each State, entitled 'Farm-Mortgage Recordings' prepared by the Bureau of Agricultural Economics from data obtained in a Nation-wide W.P.A. project conducted under the joint sponsorship of the Works Progress Administration and the Bureau of Agricultural Economics."

Fleming, Jack. Bales for bonds. Modern federally licensed warehouse is reserve bank of cotton farmer. Amer. Cotton Grower 4(3): 13,25. August 1938. (Published at 713 Glenn St., Atlanta, Ga.)

Forschungen auf dem gebiete der wirtschaftswissenschaften des landbaus. Festgabe für Ernst Laur zum rücktritt als professor für betriebslehre an der landwirtschaftlichen abteilung der eidgenössischen technischen hochschule dargebracht von auf dem gebiete der wirtschaftswissenschaften des landbaus tätigen schulern. 672pp. Brugg, Buchdruckerei Effingerhof a.g., 1937.

"Verzeichnis der veröffentlichungen von prof. dr. Ernst Laur. (Zusammenstellung nach sachegebieten) Von Margrit Fröhlich", pp.655-668.

Bibliographies at end of some articles.

This volume of contributions to the science of agricultural economics was issued by former students of the eminent Swiss agricultural economist, Dr. Ernst Laur, in commemoration of his retirement as professor of farm management in the Technical University of Zürich. It contains articles on agriculture and national economy, agricultural history, farm management, agricultural bookkeeping, economic geography, agricultural policy, and rural sociology.

Partial contents: Erhebungen über die landwirtschaftliche Verschuldung im Kanton Zürich, by A. Bader, pp.9-22. [A statistical study of agricultural indebtedness and its causes in the canton of Zürich;] Die Bekämpfung der Tierseuchen und die Viehversicherung im Kanton Bern, by H. Stähli, pp.263-288. [A discussion of measures to combat livestock diseases and of livestock insurance in the canton of Bern;] Die Bewertung der landwirtschaftlichen Kleingewerbe, by E. Aebi, pp.311-321. [A study of the valuation of small holdings based on income value.]

France. Ministère de l'agriculture, Caisse nationale de crédit agricole. Rapport sur le warrantage des produits agricoles pendant l'année 1936. pp.55-62. [Paris, Imprimerie des Journaux officiels, 1938.]

"Annexe - 6 janvier 1938. Journal Officiel de la République Française."

A report on the operation during 1936 of the system of "Warrantage agricole" which allows the farmer to use his stock and agricultural products as security for loans.

France. Ministère de l'agriculture, Caisse nationale de crédit agricole. Rapport sur les opérations faites par la Caisse nationale de crédit agricole pendant l'année 1936 en application de la loi du 2 août 1923 facilitant par des avances de l'état la distribution de l'énergie électrique dans les campagnes. pp.49-54. [Paris, Imprimerie des Journaux officiels, 1938.]

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An account of the operations of the National Agricultural Credit Bank of France in the provision of state loans for the distribution of electricity in the rural districts in 1936.

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"The Banco de la Nación Argentina is authorized by Law 11,684 to grant mortgage loans and advances to promote land settlement and the improvement of existing properties. The law limits the granting of mortgage loans to a fixed proportion of the bank's reserves." A report issued by the bank "gives a clean cut account of what has happened since the new system of credits started, in September 1935, up to February 28, 1938." The report is summarized.

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#### Land Values and Appraisal

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Table 1.- Estimated farm-mortgage debt and farm-mortgage loans of leading lending agencies, 1928-38

Beginning of period	Farm-mortgage loans of leading lending agencies							
	Total farm-mortgage debt	Federal	Joint-stock	Life	Open	Three	Farm Security Administration	
		land banks and Land Bank Commissioner 1/	land banks	insurance companies	State and national banks	State credit agencies 2/	"Construction" loans and "lease and purchase" loans 3/	Tenant purchase loans 3/
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
1928	9,468,526	1,146,433	667,314	2,172,863	—	—	—	—
1929	—	1,182,813	656,516	2,138,980	—	—	—	—
1930	9,214,278	1,185,765	626,980	2,105,477	—	93,274	—	—
1931	—	1,175,832	590,811	2,059,221 1/2	945,141	92,698	—	—
1932	—	1,151,659	536,644	2,007,361	—	95,014	—	—
1933	—	1,105,610	459,183	1,869,160	—	84,075	—	—
1934	—	1,273,881	392,438	1,661,046 1/2	555,841	79,574	—	—
1935	7,645,091	2,501,824	255,931	1,258,900	498,842	62,286	—	—
1936	7,500,489	2,853,966	175,677	1,054,770	487,505	48,091	—	—
1937:								
January	7,254,821	2,888,912	133,499	936,454	487,534	32,657	—	—
July	—	2,870,917	117,566	—	504,138	—	—	—
1938:								
January	7,082,156	2,835,962	104,163	895,470	501,450	24,657	3,615	0
April	—	2,812,410	98,441 5/8	894,127	—	—	3,597	26
July	—	2,791,632	94,139 5/8	891,530	512,774	—	5,221	9,447
October	—	2,763,809	—	—	—	—	6,106	9,236

1/ Excluding Puerto Rico.

2/ Rural Credit Bank of South Dakota, Bank of North Dakota and Department of Rural Credit of Minnesota.

3/ Represents commitments.

4/ June 30.

5/ Preliminary.

Table 2.- Amount of Federal land bank and Land Bank Commissioner loans closed and estimated amount of farm mortgages recorded by other lenders, 1934-38

Period	Loans closed 1/			Estimated amount of mortgages recorded 2/					Total all lenders
	Federal	Land Bank		Commercial	Insurance	Miscellaneous	Total		
	land banks	Commissioner	Individuals	banks	companies	ous	dollars	dollars	
	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars
1934	730.1	553.0	219.6	110.9	45.7	80.8	457.0	1,740.1	
1935	247.6	195.9	257.8	164.9	76.4	71.7	570.8	1,014.3	
1936	108.6	76.9	255.3	186.1	115.1	60.4	616.9	802.4	
1937:									
January-Dec.	62.8	39.7	262.9	212.6	128.2	51.3	655.2	757.7	
January-March	19.8	12.7	79.8	61.4	35.5	14.0	190.7	223.2	
April-June	16.5	10.7	65.5	55.3	33.9	13.1	167.8	195.0	
July-September	13.1	8.2	53.4	45.1	28.2	10.6	137.3	158.6	
October-Dec.	13.4	8.1	64.2	51.0	30.6	13.6	159.4	180.5	
1938:									
January-March	16.2	9.3	75.4	57.5	40.8	15.6	189.3	214.8	
April-June	12.7	7.5	56.4	51.4	33.7	15.3	156.8	177.0	
July-September	10.1	5.8	3/	3/	3/	3/	3/	3/	

1/ Excluding Puerto Rico.

2/ Compiled by the Farm Credit Administration: Based on reports from counties including from 37 to 49 percent of the farms in the United States.

3/ Not available.

Table 3.- Amount of Federal land bank and Land Bank Commissioner loans outstanding, by States and geographic divisions, January 1, 1930-38

State and geographic division	1930	1931	1932	1933	1934	1935	1936	1937	1938
	dollars	dollars	dollars	dollars	dollars	dollars	dollars	dollars	dollars
Maine .....	6,593:	6,148:	6,064:	6,038:	6,724:	10,462:	12,296:	12,276:	11,820
New Hampshire .....	1,014:	957:	955:	951:	1,069:	1,861:	2,074:	2,224:	2,289
Vermont .....	3,707:	3,482:	3,428:	3,334:	3,826:	5,779:	6,268:	6,476:	6,487
Massachusetts .....	4,153:	4,187:	4,276:	4,425:	5,485:	9,029:	10,138:	11,019:	11,604
Rhode Island .....	518:	548:	580:	618:	794:	1,253:	1,483:	1,698:	1,878
Connecticut .....	4,331:	4,352:	4,341:	4,352:	4,795:	6,956:	8,044:	8,749:	9,177
New England .....	20,316:	19,674:	19,644:	19,718:	22,693:	35,340:	40,363:	42,442:	43,255
New York .....	25,048:	24,934:	24,991:	24,466:	26,175:	42,005:	46,989:	48,968:	50,493
New Jersey .....	5,208:	5,159:	5,186:	5,151:	5,684:	11,092:	12,516:	13,223:	13,789
Pennsylvania .....	16,696:	16,347:	15,908:	15,321:	17,546:	28,793:	30,320:	29,455:	29,187
Middle Atlantic .....	46,952:	46,440:	46,085:	45,008:	49,405:	81,890:	89,825:	91,646:	93,469
Ohio .....	26,247:	26,213:	26,451:	25,704:	29,468:	73,839:	83,293:	82,759:	79,969
Indiana .....	47,554:	46,491:	45,533:	43,436:	47,363:	95,064:	102,439:	101,063:	98,037
Illinois .....	52,497:	54,126:	54,477:	51,987:	66,379:	135,303:	174,000:	185,185:	185,174
Michigan .....	25,312:	24,653:	23,456:	22,538:	24,640:	67,275:	78,441:	79,882:	77,368
Wisconsin .....	27,584:	26,445:	24,848:	23,768:	29,978:	103,496:	135,547:	137,317:	132,080
East North Central .....	179,124:	177,928:	174,865:	167,033:	197,828:	474,977:	573,720:	586,206:	572,628
Minnesota .....	36,953:	36,131:	34,446:	32,450:	47,144:	135,337:	166,750:	173,711:	169,622
Iowa .....	80,433:	82,466:	81,624:	79,153:	98,611:	206,651:	252,266:	266,021:	268,764
Missouri .....	30,954:	30,038:	28,144:	25,857:	29,519:	50,862:	61,988:	63,883:	63,359
North Dakota .....	33,064:	31,747:	29,772:	28,367:	33,722:	103,360:	118,801:	117,215:	110,789
South Dakota .....	30,795:	30,853:	30,115:	28,227:	29,448:	69,390:	84,457:	86,363:	83,494
Nebraska .....	47,728:	47,502:	47,762:	45,296:	61,472:	130,452:	152,546:	160,178:	161,727
Kansas .....	32,920:	32,366:	32,388:	31,944:	37,256:	111,910:	138,291:	144,100:	142,551
West North Central .....	292,847:	292,103:	284,251:	274,294:	337,172:	807,962:	975,099:	1,011,471:	1,000,306
Delaware .....	416:	410:	404:	385:	520:	1,239:	1,364:	1,333:	1,355
Maryland .....	4,037:	3,910:	3,805:	3,749:	5,630:	11,138:	12,458:	12,827:	12,705
Virginia .....	28,283:	27,346:	26,415:	25,191:	28,113:	38,869:	40,449:	38,240:	37,055
West Virginia .....	8,111:	8,081:	8,105:	8,005:	9,121:	12,488:	12,665:	11,939:	11,571
North Carolina .....	17,866:	17,343:	16,393:	15,232:	16,271:	37,640:	39,776:	38,275:	36,785
South Carolina .....	14,719:	13,184:	12,185:	10,854:	14,446:	28,831:	29,681:	28,002:	26,693
Georgia .....	23,143:	21,571:	20,094:	18,171:	21,385:	42,464:	42,925:	41,548:	40,211
Florida .....	6,611:	6,442:	5,761:	5,313:	9,941:	20,282:	20,847:	19,759:	18,751
South Atlantic .....	103,186:	97,987:	93,162:	86,900:	105,427:	192,891:	200,215:	191,833:	185,126
Kentucky .....	25,189:	24,629:	24,446:	23,174:	27,304:	54,737:	58,567:	57,781:	54,911
Tennessee .....	24,703:	24,318:	24,282:	22,967:	24,727:	44,108:	47,381:	47,306:	45,576
Alabama .....	36,314:	37,934:	39,443:	32,744:	32,191:	40,930:	40,169:	38,158:	37,159
Mississippi .....	42,500:	42,083:	39,803:	35,831:	35,429:	43,837:	42,108:	38,196:	36,482
East South Central .....	130,706:	128,964:	123,974:	114,716:	119,651:	183,612:	188,225:	181,441:	174,128
Arkansas .....	23,829:	22,947:	22,022:	20,129:	19,945:	25,085:	27,273:	26,300:	25,596
Louisiana .....	28,547:	27,800:	26,563:	24,863:	24,035:	29,871:	29,541:	27,430:	26,043
Oklahoma .....	20,885:	21,201:	20,822:	20,097:	21,098:	45,756:	54,395:	56,028:	55,526
Texas .....	150,782:	151,252:	156,108:	155,405:	174,803:	261,279:	272,644:	273,960:	265,058
West South Central .....	224,043:	225,200:	225,715:	220,494:	239,881:	361,991:	383,853:	383,718:	372,223
Montana .....	21,038:	21,080:	20,764:	19,356:	19,996:	29,696:	32,587:	30,574:	29,122
Idaho .....	22,683:	22,725:	22,589:	21,714:	22,788:	37,993:	40,263:	38,811:	37,485
Wyoming .....	6,812:	6,614:	6,433:	6,236:	6,226:	11,805:	13,546:	14,079:	14,364
Colorado .....	25,209:	25,336:	25,151:	24,242:	23,976:	34,488:	39,573:	39,515:	38,926
New Mexico .....	9,924:	9,781:	9,735:	9,438:	9,213:	11,758:	12,953:	12,848:	12,631
Arizona .....	5,701:	5,791:	5,770:	5,673:	6,340:	8,134:	9,615:	10,104:	10,397
Utah .....	14,706:	14,579:	13,883:	13,309:	13,856:	20,388:	23,225:	22,522:	22,041
Nevada .....	2,872:	2,930:	2,919:	2,924:	3,268:	3,948:	4,142:	4,177:	4,127
Mountain .....	106,945:	108,836:	107,244:	102,892:	105,663:	158,210:	175,904:	172,630:	169,093
Washington .....	31,317:	31,375:	30,611:	29,860:	32,442:	42,519:	44,915:	42,999:	42,093
Oregon .....	19,208:	18,913:	18,610:	18,247:	20,012:	34,507:	38,059:	37,913:	37,812
California .....	29,051:	23,412:	27,498:	26,448:	43,707:	127,625:	143,788:	146,613:	145,629
Pacific .....	79,576:	78,700:	76,719:	74,555:	96,161:	204,951:	226,762:	227,525:	225,734
United States 1/.....	1,185,765:	1,175,832:	1,151,659:	1,105,610:	1,273,681:	2,501,824:	2,853,966:	2,888,912:	2,835,962

1/ Prior to 1936, the United States totals of outstanding loans in this table do not include the amount of matured unpaid installments which have not been allocated by States. Data exclude Puerto Rico.



Table 4.- Amount of joint-stock land bank <sup>1/</sup> loans outstanding by States and geographic divisions, January 1, 1930-38

State and geographic division	1930	1931	1932	1933	1934	1935	1936	1937	1938
	dollars	dollars	dollars	dollars	dollars	dollars	dollars	dollars	dollars
Maine .....	0	0	0	0	0	0	0	0	0
New Hampshire .....	0	0	0	0	0	0	0	0	0
Vermont .....	0	0	0	0	0	0	0	0	0
Massachusetts .....	0	0	0	0	0	0	0	0	0
Rhode Island .....	0	0	0	0	0	0	0	0	0
Connecticut .....	0	0	0	0	0	0	0	0	0
New England .....	0	0	0	0	0	0	0	0	0
New York .....	11,944	10,984	9,996	8,785	7,671	4,909	3,607	3,242	2,900
New Jersey .....	959	2,018	1,820	1,605	1,331	838	601	537	475
Pennsylvania .....	10,428	8,511	7,861	6,971	6,243	4,319	3,325	2,873	2,550
Middle Atlantic .....	23,331	21,513	19,677	17,361	15,245	10,066	7,733	6,652	5,925
Ohio .....	27,590	25,704	23,346	20,172	17,888	11,428	7,670	6,664	5,778
Indiana .....	36,522	35,609	33,622	31,029	28,302	20,926	17,123	15,422	13,281
Illinois .....	70,996	67,872	63,079	54,778	47,898	33,344	19,006	12,625	9,897
Michigan .....	8,990	8,535	7,776	6,698	5,735	2,960	1,458	1,233	1,097
Wisconsin .....	3,307	3,004	2,601	0	0	0	0	0	0
East North Central .....	147,405	140,724	130,424	112,677	99,823	68,658	45,257	35,944	30,053
Minnesota .....	23,911	20,669	16,905	9,058	6,664	2,850	1,116	567	512
Iowa .....	86,912	82,925	75,925	62,509	50,484	31,278	17,444	12,318	8,986
Missouri .....	19,473	17,419	12,220	9,778	8,519	6,504	4,604	3,407	2,552
North Dakota .....	3,810	3,717	3,626	2,347	2,034	426	174	106	0
South Dakota .....	9,533	8,842	7,622	6,169	5,098	2,431	1,158	693	549
Nebraska .....	25,824	24,532	22,975	19,650	12,859	5,631	3,300	2,597	1,951
Kansas .....	17,368	15,929	13,154	12,122	11,080	7,457	5,199	3,667	2,673
West North Central .....	186,631	174,033	152,427	121,633	96,738	56,577	32,995	23,375	17,423
Delaware .....	0	0	0	0	0	0	0	0	0
Maryland .....	4,247	4,085	3,824	3,496	2,947	2,069	1,668	655	442
Virginia .....	9,759	9,108	8,145	6,976	5,567	3,629	2,673	2,230	1,756
West Virginia .....	4,678	4,203	3,773	3,311	2,826	1,953	1,430	1,149	915
North Carolina .....	38,264	35,620	32,170	26,397	22,233	13,950	11,091	9,693	7,924
South Carolina .....	12,402	11,116	9,045	7,183	5,886	2,741	1,865	1,553	1,236
Georgia .....	8,721	8,318	7,268	6,280	5,348	3,500	2,925	2,609	2,232
Florida .....	0	0	0	0	0	0	0	0	0
South Atlantic .....	78,071	72,450	64,225	53,643	44,807	27,842	21,652	17,889	14,505
Kentucky .....	10,896	10,370	9,354	7,614	6,350	3,393	2,460	2,006	1,557
Tennessee .....	2,978	2,820	2,560	2,068	1,628	897	667	480	266
Alabama .....	5,876	5,658	5,192	4,226	3,478	2,623	1,862	1,583	1,323
Mississippi .....	7,083	6,786	6,215	5,184	4,237	3,744	3,339	1,652	929
East South Central .....	26,833	25,634	23,321	19,092	15,693	10,657	8,328	5,721	4,075
Arkansas .....	13,101	12,612	11,324	9,999	8,795	7,209	5,418	3,289	2,157
Louisiana .....	1,133	1,082	840	565	442	330	291	246	199
Oklahoma .....	4,558	4,173	3,525	3,146	2,915	2,206	1,762	1,415	1,049
Texas .....	80,170	75,888	71,668	66,710	59,772	41,186	32,642	26,253	22,023
West South Central .....	98,962	93,755	87,417	80,420	71,924	50,671	40,113	31,203	25,428
Montana .....	1,526	1,445	1,325	1,147	1,104	953	641	448	277
Idaho .....	4,021	3,942	3,626	3,359	2,868	875	290	146	83
Wyoming .....	4,073	3,875	3,722	3,545	3,381	2,789	2,151	1,553	1,250
Colorado .....	8,819	8,484	8,068	7,590	7,067	6,113	4,642	2,815	1,930
New Mexico .....	0	0	0	0	0	0	0	0	0
Arizona .....	3,132	2,892	2,650	2,438	1,988	1,047	429	209	81
Utah .....	635	581	499	455	399	200	86	49	9
Nevada .....	634	610	570	549	502	370	254	121	69
Mountain .....	22,840	21,829	20,460	19,083	17,309	12,347	8,493	5,341	3,699
Washington .....	1,854	1,723	1,602	1,491	1,354	1,069	810	656	571
Oregon .....	11,668	11,495	10,925	10,218	9,447	7,564	5,638	4,185	2,092
California .....	29,185	27,655	26,166	23,565	20,098	10,280	4,658	2,533	392
Pacific .....	42,707	40,873	38,693	35,274	30,899	18,913	11,106	7,374	3,055
United States .....	626,980	590,811	536,644	459,183	392,438	255,931	175,677	133,499	104,163

<sup>1/</sup> Including banks in receivership.

Table 5.- Estimated amount of life insurance company farm-mortgage loans outstanding, by States and geographic divisions, January 1, 1930-38 1/

State and geographic division	1930	1931	1932	1933	1934	1935	1936	1937	1938
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Maine .....	2	2	2	2	2	2	2	1	1
New Hampshire .....	0	0	0	0	0	0	0	0	0
Vermont .....	4	4	4	4	10	10	6	1	1
Massachusetts .....	22	19	17	17	17	17	17	14	5
Rhode Island .....	0	0	0	0	0	0	0	0	0
Connecticut .....	6	6	6	6	6	6	5	4	4
New England .....	34	31	29	29	35	35	30	20	11
New York .....	215	192	207	251	246	233	227	210	239
New Jersey .....	190	176	197	248	242	236	236	226	220
Pennsylvania .....	65	44	39	39	39	27	26	25	113
Middle Atlantic .....	470	412	443	538	527	501	489	461	572
Ohio .....	58,830	58,323	56,734	51,259	47,218	37,276	32,889	30,381	29,742
Indiana .....	58,531	56,447	53,900	47,269	79,241	61,571	53,144	48,181	49,295
Illinois .....	181,560	183,421	185,732	178,576	162,009	130,067	112,006	98,709	96,134
Michigan .....	8,058	8,622	8,544	8,224	7,547	5,560	4,484	3,174	3,126
Wisconsin .....	23,387	24,163	24,790	23,492	21,566	15,242	10,879	9,014	8,614
East North Central .....	370,366	370,976	369,700	348,820	317,581	249,716	213,402	189,459	187,111
Minnesota .....	138,161	131,396	125,114	116,381	99,942	70,401	55,741	48,486	45,313
Iowa .....	499,797	499,230	485,959	456,995	393,521	295,891	251,647	226,603	212,968
Missouri .....	143,886	135,966	126,671	108,261	96,666	81,633	67,978	59,076	56,929
North Dakota .....	33,064	29,231	27,271	24,469	20,308	13,052	10,162	8,277	7,029
South Dakota .....	113,596	108,664	104,734	95,290	78,574	50,823	30,346	27,361	22,365
Nebraska .....	146,091	138,527	130,942	123,986	113,468	88,453	73,412	62,805	54,497
Kansas .....	149,982	151,920	153,347	147,240	136,682	92,142	74,672	62,683	56,508
West North Central .....	1,224,577	1,194,974	1,154,038	1,074,022	938,961	692,395	569,958	495,291	455,609
Delaware .....	46	49	49	33	27	25	21	21	18
Maryland .....	702	795	967	918	837	853	727	1,305	1,558
Virginia .....	6,944	6,640	6,527	5,785	5,066	3,563	3,005	2,614	2,993
West Virginia .....	467	579	354	327	270	223	295	381	469
North Carolina .....	12,114	12,683	12,675	11,058	9,998	8,418	7,862	8,208	8,208
South Carolina .....	6,366	5,748	5,171	4,307	3,723	2,830	2,757	2,563	2,785
Georgia .....	28,380	25,890	23,213	19,135	15,091	11,442	10,577	10,729	11,164
Florida .....	2,313	2,042	1,685	1,384	1,045	913	669	624	426
South Atlantic .....	57,332	54,426	50,641	42,947	36,057	28,267	26,031	26,099	27,621
Kentucky .....	26,141	25,398	24,789	22,840	20,271	14,300	11,458	10,059	9,655
Tennessee .....	37,672	35,799	33,875	29,859	26,726	18,267	14,726	13,038	12,284
Alabama .....	8,883	8,396	7,984	7,210	5,926	4,420	4,166	3,703	3,260
Mississippi .....	21,558	20,672	20,298	17,050	15,423	14,194	13,705	14,224	17,100
East South Central .....	94,254	90,265	86,946	76,959	68,446	51,181	44,055	41,024	42,299
Arkansas .....	16,081	14,953	14,345	12,307	10,023	8,768	8,897	9,852	10,866
Louisiana .....	8,883	8,726	8,893	8,611	8,474	7,708	6,782	6,903	7,060
Oklahoma .....	71,898	65,923	65,040	62,208	57,645	47,892	37,053	32,283	28,729
Texas .....	160,560	163,050	162,498	151,710	139,122	104,573	88,689	81,514	80,253
West South Central .....	257,422	252,652	250,776	234,836	215,264	168,941	141,421	130,552	126,908
Montana .....	10,512	7,853	6,927	6,047	5,036	3,461	2,853	2,508	2,234
Idaho .....	13,701	13,198	13,485	13,098	11,845	8,855	8,000	6,802	6,632
Wyoming .....	461	374	356	336	313	278	257	217	202
Colorado .....	6,892	6,311	6,146	5,563	5,050	4,512	4,039	4,299	3,846
New Mexico .....	4,092	2,585	1,950	1,677	1,506	1,108	1,033	791	871
Arizona .....	2,158	1,912	1,461	1,706	1,746	1,602	1,107	1,141	1,118
Utah .....	1,792	1,449	1,405	1,360	1,292	842	702	660	510
Nevada .....	483	443	453	429	388	304	271	280	1,171
Mountain .....	40,091	34,125	32,183	30,216	27,176	20,962	18,262	16,698	17,030
Washington .....	24,369	25,752	27,232	26,543	25,125	21,231	17,808	15,562	14,366
Oregon .....	13,969	13,715	13,723	13,661	12,751	9,758	8,617	7,358	7,968
California .....	22,593	21,893	21,650	20,589	19,123	15,913	14,697	13,930	15,975
Pacific .....	60,931	61,360	62,605	60,793	56,999	46,902	41,122	36,850	36,309
United States .....	2,105,477	2,059,221	2,007,361	1,869,160	1,661,046	1,258,900	1,054,770	936,454	895,470

1/ Data based upon direct reports from life insurance companies, official reports submitted to the insurance commissioners of the various States and the District of Columbia, and "Best's Life Insurance Reports".

Table 6.- Loans secured by farm real estate held by insured commercial banks,<sup>1/</sup> on specified dates 1935-38

State and geographic division	Jan. 1, 1935	Jan. 1, 1936	Jan. 1, 1937	July 1, 1937	Jan. 1, 1938	July 1, 1938
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Maine .....	1,740	1,627	1,589	1,587	1,581	1,643
New Hampshire .....	665	651	629	613	613	665
Vermont .....	11,778	11,435	9,325	9,040	8,851	8,393
Massachusetts .....	1,395	1,587	1,178	1,165	1,200	1,155
Rhode Island .....	285	253	242	253	249	250
Connecticut .....	1,743	1,398	2,142	1,418	1,266	1,288
New England .....	17,606	16,951	15,105	14,076	13,760	13,394
New York .....	17,412	17,186	16,328	15,827	15,470	15,635
New Jersey .....	3,852	3,712	3,775	3,664	3,664	3,878
Pennsylvania .....	20,950	20,715	20,294	22,584	22,760	22,289
Middle Atlantic .....	42,214	41,613	40,397	42,075	41,894	41,802
Ohio .....	32,714	32,464	34,491	36,961	37,220	38,578
Indiana .....	18,719	18,523	17,798	19,463	19,178	20,118
Illinois .....	22,777	22,489	22,314	23,154	23,176	23,211
Michigan .....	11,760	11,400	10,848	11,380	11,671	12,764
Wisconsin .....	22,366	19,245	19,359	19,658	19,817	20,829
East North Central .....	108,336	104,121	104,810	110,616	111,062	115,500
Minnesota .....	14,638	14,339	14,878	15,827	16,477	17,374
Iowa .....	26,240	30,452	35,948	39,875	40,349	41,512
Missouri .....	18,619	18,656	18,410	18,603	19,947	18,230
North Dakota .....	2,795	2,570	1,954	1,856	1,771	1,691
South Dakota .....	2,334	2,010	1,933	1,991	1,986	1,925
Nebraska .....	4,248	4,368	5,524	6,230	6,620	7,012
Kansas .....	7,384	7,868	8,571	9,234	9,335	9,811
West North Central .....	76,258	80,261	87,218	93,816	96,485	97,555
Delaware .....	3,183	3,113	2,951	2,858	2,986	2,951
Maryland .....	9,520	9,365	9,498	9,529	9,656	9,669
District of Columbia .....	51	121	167	118	104	77
Virginia .....	14,113	14,936	15,199	15,782	15,820	16,116
West Virginia .....	3,929	4,151	4,695	4,514	4,586	4,530
North Carolina .....	4,844	5,044	5,789	7,016	6,176	7,087
South Carolina .....	1,146	1,055	1,169	1,583	1,295	1,490
Georgia .....	5,153	5,887	5,948	7,275	5,680	7,092
Florida .....	1,581	1,834	1,981	1,914	2,112	2,294
South Atlantic .....	43,520	45,506	47,397	50,589	48,415	51,266
Kentucky .....	17,267	16,966	18,102	18,446	19,026	20,024
Tennessee .....	10,210	10,228	10,314	10,644	10,626	11,098
Alabama .....	3,917	3,834	4,082	4,506	4,196	4,774
Mississippi .....	10,683	10,459	8,979	9,187	8,222	8,694
East South Central .....	42,077	41,487	41,477	42,783	42,070	44,590
Arkansas .....	5,148	4,971	4,413	4,695	4,105	4,040
Louisiana .....	8,438	7,743	6,535	6,605	6,319	6,527
Oklahoma .....	3,424	3,192	3,331	3,446	3,482	3,650
Texas .....	17,184	14,954	13,534	13,049	11,799	11,471
West South Central .....	34,194	30,860	27,813	27,792	25,705	25,688
Montana .....	2,174	1,366	1,311	1,263	1,212	1,170
Idaho .....	1,313	1,257	1,170	1,209	1,102	1,184
Wyoming .....	1,415	1,346	1,073	1,177	1,238	1,245
Colorado .....	3,117	2,533	2,331	2,406	2,242	2,620
New Mexico .....	818	591	527	572	503	628
Arizona .....	805	848	1,059	861	978	1,073
Utah .....	3,117	2,530	2,621	2,785	2,666	3,058
Nevada .....	358	273	240	290	338	356
Mountain .....	13,117	10,744	10,332	10,563	10,279	11,334
Washington .....	3,290	3,624	3,657	3,772	3,997	4,236
Oregon .....	2,667	2,350	2,250	2,335	2,181	2,228
California .....	115,563	109,986	107,078	105,718	105,602	105,181
Pacific .....	121,520	115,960	112,985	111,825	111,780	111,645
United States .....	498,842	487,505	487,534	504,138	501,450	512,774

<sup>1/</sup> Loans are classified according to location of bank.

Table 7.- Short-term loans outstanding by selected lending agencies, 1928-38

Beginning of period	Agencies supervised by Farm Credit Administration								Farm Security Adminis- tration 2/	Commodity credit corporation 3/
	Commercial banks per- sonal and collateral loans to farmers	Federal intermediate credit banks	Production credit associa- tions	Regional agricultural credit corporations	Emergency crop loans	Drought re- lief loans				
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars		
1928	-	43,924			4/ 1,194					
1929	-	45,103			4/ 6,924					
1930	-	50,018			4/ 7,894					
1931	4/ 1,936,360	65,633			-					
1932	-	74,691			50,127					
1933	-	82,518			90,754					
1934	-	60,989		24,373	91,090					64,783
1935	807,613	55,672	60,852	144,636	78,721		32,444	-	-	37,182
1936	4/ 661,606	47,162	94,046	43,400	106,976		65,514	-	-	271,219
1937:										
January	593,614	41,017	105,212	25,288	104,490		60,397	-	-	215,566
July	726,400	47,337	160,051	22,914	130,146		58,996	-	-	123,483
1938:										
January	788,351	40,464	138,169	15,592	115,017		57,113	114,402		182,810
April	-	35,526	162,600	15,164	113,386		56,414	135,321		214,520
July	926,705	42,894	184,327	14,788	128,545		55,987	159,436		241,135
October	-	40,808	170,806	13,374	123,792		55,606	162,381		308,087

1/ Loans to and discounts for private financing institutions.

2/ Rural rehabilitation loans. Data for years prior to 1938 unavailable on comparable basis.

3/ Does not include loans held by other financing institutions, mainly commercial banks.

4/ June 30.

Table 8.- Loans outstanding to farmers' cooperative organizations, 1928-38

Beginning of period	Loans to cooperatives by agencies supervised by Farm Credit Administration				Rural Electrification Administration 1/	Farm Security Administration
	Federal intermediate credit banks	Banks for cooperatives	Agricultural Marketing Act revolving fund			
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars		
1928	31,991					
1929	36,174					
1930	26,073					
1931	64,377			14,510		
1932	45,177			136,698		
1933	9,866			156,280		
1934	15,211			158,885		
1935	33,969	18,697		157,752		
1936	2,731	27,851		54,863		
1937:		50,013		44,433		
January	1,641				3,052	
July	635	69,647		53,754	24,100	
1938:		45,032		46,854	-	
January	1,813					
April	1,420	87,633		30,982	77,769	3,668
July	19	82,323		27,304	-	4,087
October	256	81,190		24,604	87,719	4,283
		82,544		27,370	-	7,945

1/ Includes loans to private utilities.

2/ Represents allotments.

Table 9.- Rural Electrification Administration loans, and Farm Security Administration loans outstanding June 30, 1938

State and geographic division	Rural electrifi- cation loans 1/	Farm Security Administration			
		Loans to cooperative associations	Loans to individuals for rural rehabilitation	"Construction" loans and lease and purchase contract loans	Tenant- purchase loans 2/
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Maine .....	91	0	2,287	77	9
New Hampshire .....	0	100	532	0	4
Vermont .....	0	0	495	0	9
Massachusetts .....	0	0	326	0	4
Rhode Island .....	0	0	120	0	0
Connecticut .....	92	0	205	0	7
New England .....	183	100	3,965	77	33
New York .....	250	99	2,000	156	73
New Jersey .....	258	134	558	0	14
Pennsylvania .....	2,509	435	1,051	71	116
Middle Atlantic .....	3,017	668	3,609	227	203
Ohio .....	7,292	0	3,357	172	224
Indiana .....	6,010	54	2,944	53	185
Illinois .....	3,053	0	3,720	0	312
Michigan .....	4,655	28	2,720	31	109
Wisconsin .....	6,146	2	3,955	12	131
East North Central .....	27,156	84	16,696	268	961
Minnesota .....	6,065	0	4,622	50	214
Iowa .....	5,727	0	3,865	0	330
Missouri .....	2,632	104	7,080	27	314
North Dakota .....	692	274	5,296	15	101
South Dakota .....	537	51	7,674	12	120
Nebraska .....	5,168	144	7,219	0	196
Kansas .....	1,547	64	7,134	49	199
West North Central .....	22,368	637	42,890	153	1,474
Delaware .....	427	0	38	0	12
Maryland .....	225	0	196	0	41
Virginia .....	2,257	60	1,937	0	207
West Virginia .....	533	976	1,591	0	93
North Carolina .....	1,634	197	3,249	302	486
South Carolina .....	1,157	0	3,346	89	406
Georgia .....	3,543	138	4,547	185	634
Florida .....	684	22	2,806	79	61
South Atlantic .....	10,460	1,333	17,710	655	1,876
Kentucky .....	2,436	0	1,901	221	330
Tennessee .....	1,969	553	1,384	119	411
Alabama .....	1,564	141	5,184	196	613
Mississippi .....	1,657	52	5,124	591	639
East South Central .....	7,626	746	13,593	1,127	1,593
Arkansas .....	1,822	219	5,369	672	486
Louisiana .....	927	8	4,024	392	374
Oklahoma .....	2,373	0	7,331	172	426
Texas .....	4,680	47	13,052	357	907
West South Central .....	9,802	274	29,776	1,593	2,193
Montana .....	880	0	4,065	569	34
Idaho .....	971	1	2,584	0	39
Wyoming .....	700	13	3,045	0	12
Colorado .....	750	0	6,041	302	74
New Mexico .....	360	44	2,110	0	24
Arizona .....	178	146	721	0	12
Utah .....	5	46	2,924	32	13
Nevada .....	168	17	355	0	2
Mountain .....	4,012	267	21,845	903	210
Washington .....	1,128	0	3,019	114	46
Oregon .....	456	7	2,093	104	37
California .....	1,511	107	4,239	0	91
Pacific .....	3,095	114	9,351	218	174
United States .....	87,719	4,283	159,435	5,221	9,119

1/ Represents allotments.  
2/ Represents commitments.  
3/ Excludes loans in Hawaii.



Table 10.- Personal and collateral loans to farmers held by insured commercial banks, by States and geographic divisions, on specified dates, 1934, 1936, 1937, and 1938

State and geographic division	Dec. 31, 1934	June 30, 1936	Dec. 31, 1936	June 30, 1937	Dec. 31, 1937	June 30, 1938
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Maine .....	2,269	1,652	1,696	1,219	1,783	1,951
New Hampshire .....	1,136	500	503	505	545	576
Vermont .....	3,320	2,375	1,812	2,412	2,453	2,410
Massachusetts .....	2,028	1,510	1,473	1,377	1,716	1,779
Rhode Island .....	397	289	117	124	99	96
Connecticut .....	2,141	545	480	821	1,396	1,472
New England .....	11,291	6,871	6,081	6,458	7,992	8,291
New York .....	26,032	23,164	19,310	22,268	20,409	22,956
New Jersey .....	8,211	9,103	4,052	5,776	5,145	5,288
Pennsylvania .....	30,081	19,037	15,286	15,955	17,620	19,250
Middle Atlantic .....	64,224	51,304	38,648	43,999	43,174	47,434
Ohio .....	24,946	16,276	15,440	17,598	21,672	24,752
Indiana .....	22,788	15,460	14,009	16,446	18,956	21,511
Illinois .....	42,770	38,108	38,867	40,378	58,839	50,143
Michigan .....	8,979	7,145	7,795	9,508	11,764	13,984
Wisconsin .....	21,797	13,853	13,009	14,627	15,267	17,209
East North Central .....	121,280	90,842	89,120	98,557	126,500	128,299
Minnesota .....	32,353	32,137	30,866	33,876	39,932	40,819
Iowa .....	40,551	41,871	41,611	44,986	64,080	64,231
Missouri .....	34,517	31,978	30,597	37,532	36,945	46,644
North Dakota .....	8,736	9,177	8,436	8,816	8,788	9,029
South Dakota .....	12,660	14,501	13,394	13,371	15,828	14,972
Nebraska .....	32,219	36,895	34,462	37,501	42,172	41,346
Kansas .....	27,531	31,736	31,146	35,154	34,848	38,718
East South Central .....	188,567	200,295	190,512	211,236	242,593	255,759
Delaware .....	1,938	786	597	449	709	599
Maryland .....	7,843	3,303	3,054	2,809	3,047	3,588
District of Columbia .....	34	1	0	1	52	0
Virginia .....	19,952	9,332	8,221	10,112	10,285	9,642
West Virginia .....	6,113	2,063	1,408	2,304	2,219	2,230
North Carolina .....	14,150	5,485	2,503	8,116	4,107	10,992
South Carolina .....	12,896	3,792	1,073	5,383	3,722	9,168
Georgia .....	32,847	10,297	6,360	13,686	13,554	26,095
Florida .....	2,925	1,389	1,775	1,963	2,496	3,287
South Atlantic .....	98,698	36,448	24,991	44,823	40,191	65,601
Kentucky .....	23,566	10,190	9,264	9,442	11,646	11,960
Tennessee .....	26,642	9,668	7,934	10,613	13,351	34,219
Alabama .....	28,955	13,173	6,255	17,507	19,794	34,419
Mississippi .....	8,728	7,945	3,412	9,866	9,350	14,253
East South Central .....	87,891	40,276	26,865	47,428	54,141	94,851
Arkansas .....	14,562	8,513	4,239	10,025	13,958	19,593
Louisiana .....	5,962	3,637	2,052	4,724	3,840	12,018
Oklahoma .....	21,775	25,741	22,008	26,363	25,747	30,700
Texas .....	69,171	69,176	53,883	73,801	72,689	84,243
West South Central .....	111,470	107,107	82,182	114,913	116,234	146,554
Montana .....	9,995	9,842	8,534	10,284	9,638	11,161
Idaho .....	6,760	8,426	8,817	9,376	10,146	11,095
Wyoming .....	11,019	12,490	9,794	12,563	11,844	13,375
Colorado .....	16,633	15,044	20,771	17,405	23,729	19,056
New Mexico .....	3,124	4,512	4,280	5,336	5,266	5,676
Arizona .....	1,728	3,198	6,824	4,529	5,037	5,446
Utah .....	8,505	5,217	9,297	8,232	10,096	9,511
Nevada .....	733	767	981	919	846	967
Mountain .....	58,497	59,496	69,298	68,644	76,602	76,287
Washington .....	10,493	8,988	8,338	10,554	12,809	14,089
Oregon .....	7,194	8,515	7,667	8,694	10,699	12,532
California .....	47,908	50,764	49,912	71,094	57,336	76,008
Pacific .....	65,595	68,267	65,917	90,342	80,924	102,629
United States .....	807,613	661,606	593,614	726,400	786,351	925,705

Table 11.- Production credit association loans outstanding, by States and geographic divisions, December 31, 1934-37

State and geographic division	1934	1935	1936	1937
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Maine .....	2,854	4,294	1,755	919
New Hampshire .....	84	125	167	217
Vermont .....	368	676	802	1,035
Massachusetts .....	611	661	651	796
Rhode Island .....	106	282	503	561
Connecticut .....	449	710	968	1,314
New England .....	4,472	6,748	4,846	4,842
New York .....	1,703	2,734	3,379	4,719
New Jersey .....	346	692	873	1,393
Pennsylvania .....	1,003	1,457	1,700	2,436
Middle Atlantic .....	3,052	4,883	5,952	8,548
Ohio .....	998	2,250	3,183	5,106
Indiana .....	959	2,091	3,116	5,409
Illinois .....	1,460	3,021	3,642	6,198
Michigan .....	807	1,764	1,930	2,960
Wisconsin .....	1,526	3,505	3,878	5,262
East North Central .....	5,750	12,631	15,749	24,935
Minnesota .....	2,263	4,628	4,686	5,947
Iowa .....	754	1,844	1,757	3,711
Missouri .....	695	1,486	2,129	3,101
North Dakota .....	752	1,797	1,565	1,651
South Dakota .....	766	2,470	2,197	2,536
Nebraska .....	1,464	2,819	2,803	2,838
Kansas .....	1,539	2,757	2,592	2,233
West North Central .....	8,233	17,801	17,729	22,017
Delaware .....	59	56	68	142
Maryland .....	529	824	818	1,394
Virginia .....	829	1,322	1,397	1,732
West Virginia .....	222	410	430	599
North Carolina .....	124	283	392	591
South Carolina .....	266	114	251	709
Georgia .....	169	222	514	1,414
Florida .....	920	1,182	1,707	2,288
South Atlantic .....	3,118	4,413	5,577	8,869
Kentucky .....	577	1,147	1,416	2,070
Tennessee .....	604	1,124	1,483	2,144
Alabama .....	251	323	566	893
Mississippi .....	262	284	377	897
East South Central .....	1,694	2,878	3,842	6,004
Arkansas .....	351	347	407	937
Louisiana .....	542	390	789	1,483
Oklahoma .....	1,796	2,727	3,348	2,481
Texas .....	3,627	6,245	9,351	10,737
West South Central .....	6,316	9,709	13,895	15,638
Montana .....	5,397	5,616	5,665	5,895
Idaho .....	3,428	3,550	4,484	5,359
Wyoming .....	1,259	1,655	1,548	1,738
Colorado .....	2,109	2,874	3,245	3,140
New Mexico .....	1,438	2,109	2,542	2,183
Arizona .....	532	1,148	1,056	1,682
Utah .....	1,571	2,163	2,459	2,622
Nevada .....	491	1,055	1,088	1,306
Mountain .....	16,225	20,170	22,087	23,925
Washington .....	2,842	2,984	2,456	4,272
Oregon .....	4,382	4,070	4,644	6,861
California .....	4,375	7,113	7,504	11,007
Pacific .....	11,599	14,167	14,604	22,140
United States 1/ .....	60,459	93,400	104,481	136,918

1/ Data exclude Puerto Rico.

Table 12.-Index numbers of demand deposits of country banks 1/, 1924 to date (1924 = 29 = 100)

Year and month	Twenty leading agricultural States 2/		Seven corn belt States 3/	Eight cotton growing States 4/		Eight range States 5/
	Unadjusted	Adjusted for seasonal variations				
1924	96.6		100.1	98.3		96.1
1925	102.1		103.1	105.2		96.5
1926	101.6		102.3	104.7		98.9
1927	99.0		97.6	100.1		98.4
1928	101.7		99.7	98.7		106.6
1929	99.0		97.2	93.0		103.6
1930	89.4		90.7	77.2		91.3
1931	75.4		78.1	59.6		76.2
1932	57.3		59.6	41.8		54.7
1933	48.6		48.8	41.4		46.8
1934	66.0		70.7	59.1		63.9
1935	6/		6/	6/		6/
1936	97.6		106.9	94.7		101.3
1937	105.7		115.4	105.0		110.4
1937						
September	106.6	107.0	116.9	100.4		109.8
October	107.0	105.0	115.8	106.4		112.6
November	106.1	103.9	114.2	107.7		113.8
December	103.9	102.5	111.8	106.0		116.2
1938						
January	103.8	102.0	113.0	105.3		109.4
February	103.3	101.9	111.5	103.7		106.4
March	102.1	101.2	110.8	102.0		103.4
April	100.7	100.8	109.8	100.1		102.1
May	100.3	101.7	110.0	97.1		103.8
June	99.5	101.9	110.7	94.7		102.9
July	100.1	102.9	111.1	94.0		102.9
August	100.8	103.4	111.8	95.1		103.2
September	102.7	103.1	113.3	98.7		104.5

1/ Based on data reported by member banks of the Federal Reserve System located in places of less than 15,000 population (population classification of 1930 Census). Each deposit series is weighted, the deposits for each State having been given a weight equal to the proportion, in the base period, of that State's cash farm income to the total cash farm income of the group of States.

2/ Arkansas, Georgia, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Mississippi, Missouri, Nebraska, New York, North Carolina, North Dakota, Ohio, Oklahoma, Pennsylvania, South Dakota, Texas, and Wisconsin.

3/ Ohio, Indiana, Illinois, Minnesota, Missouri, Nebraska, and Iowa.

4/ North Carolina, South Carolina, Georgia, Alabama, Mississippi, Arkansas, Louisiana, and Oklahoma.

5/ Montana, Colorado, Arizona, Idaho, Nevada, New Mexico, Utah, and Wyoming.

6/ Five months of 1935 are unavailable.

Table 13.-Farm real estate taxes in the United States, 1913-37

Year	Taxes per acre		Taxes per \$100 of value	Year	Taxes per acre		Taxes per \$100 of value
	Amount	Index (1913=100)			Amount	Index (1913=100)	
	Dollars	Percent			Dollars	Percent	
1913	.24	100	.55	1925	.56	232	1.07
1914	.24	101	.56	1926	.56	232	1.12
1915	.26	110	.57	1927	.57	238	1.15
1916	.28	116	.57	1928	.58	239	1.18
1917	.31	129	.58	1929	.58	241	1.19
1918	.33	137	.57	1930	.57	238	1.30
1919	.41	172	.59	1931	.52	217	1.42
1920	.51	209	.79	1932	.45	188	1.50
1921	.54	223	.94	1933	.39	161	1.28
1922	.54	224	.96	1934	.37	153	1.19
1923	.55	228	1.01	1935	.37	155	1.14
1924	.55	228	1.03	1936	.38	156	1.13
				1937	.39	161	1.15

Table 14.- Number of bankruptcies in the United States, 1928-37

Year ending July 1	Total bankruptcies	Farmer bankruptcies	Farmer bankruptcies as percentage of total
	Number	Number	Percent
1928 .....	53,444	5,679	10.6
1929 .....	56,897	4,939	8.7
1930 .....	60,355	4,464	7.4
1931 .....	60,105	4,023	6.7
1932 .....	63,279	4,649	7.7
1933 .....	66,723	5,917	8.9
1934 .....	58,833	4,716	8.0
1935 .....	56,319	4,311	7.7
1936 .....	52,169	3,642	7.0
1937 .....	54,959	2,479	4.5

Table 15.- Cash farm income, and indexes of prices paid and received by farmers, 1928-38

Year	Cash income from farm marketings 1/	Index of prices paid for commodities used in living: and production 2/	Index of farm prices 3/
	Million dollars	Percent	Percent
1928 .....	10,289	155	149
1929 .....	10,479	153	146
1930 .....	8,451	145	126
1931 .....	5,899	124	87
1932 .....	4,328	107	65
1933 .....	5,117	109	70
1934 .....	6,348	123	90
1935 .....	7,090	125	108
1936 .....	7,944	124	114
1937:			
Jan.-Dec. ....	8,600	130	121
Jan.-Sept. ....	6,170	132	126
1938:			
Jan.-Sept. ....	5,377	124	95

1/ Includes rental and benefit payments.

2/ 1910-14 = 100.

3/ August 1909 - July 1914 = 100.

Table 16.- Farm real estate: Land values and transfers, 1926-38

Year ending March	Index of estimated value per acre (1912-14=100)	Estimated number of farms changing ownership per 1,000 farms				Total
		Voluntary sales and trades	Forced sales and related defaults	Others 1/		
	Percent	Number	Number	Number	Number	
1926 .....	124	29.6	21.6	10.2		61.4
1927 .....	119	28.3	23.3	16.9		68.5
1928 .....	117	26.3	22.8	16.9		66.0
1929 .....	116	23.5	19.5	15.0		58.0
1930 .....						
1931 .....	115	23.7	20.8	17.0		61.5
1932 .....	106	19.0	26.1	16.8		61.9
1933 .....	89	16.2	41.7	18.8		76.7
1934 .....	73	16.8	54.1	22.7		93.6
1935 .....	76	17.8	39.1	21.7		78.6
1936 .....	79	19.4	28.3	21.4		69.1
1937 .....	82	24.8	26.2	21.9		72.9
1938 .....	85	31.5	22.4	20.1		74.0
1938 .....	85	-	-	-		-

1/ Largely inheritance, gift, and sales in settlement of estates; also includes a small number of miscellaneous and unclassified transfers.

Table 17.- Interest rates charged on new loans and discounts by institutions under the supervision of the Farm Credit Administration, 1933-38

Item	December 31, 1933	December 31, 1934	December 31, 1935	December 31, 1936	December 31, 1937	September 30, 1938
	Percent	Percent	Percent	Percent	Percent	Percent
Federal land banks:						
National farm loan associations- contract rates <sup>1/</sup> .....	5	5	4	4	4	4
Direct (including loans made in Puerto Rico)-contract rate <sup>1/</sup> .....	5½	5½	4½	4½	4½	4½
Land Bank Commissioner <sup>2/</sup> .....	5	5	5	5	5	5
Federal intermediate credit banks <sup>3/</sup> .....	4/ 3	2	2	2	2	2
Banks for cooperatives: <sup>3/</sup>						
Commodity .....			2	2	2	2
Operating capital .....	4	3	3	3	3	3
Facility .....	4½	4½	4	4	4	4
Production credit associations <sup>1/</sup> .....	6	5	5	5	5	5
Emergency crop and feed loans .....	5½	5½	5½	5½	4	4
1934-35 drought relief loans .....						

<sup>1/</sup> On maturities occurring during the period July 11, 1933, through June 30, 1935, the interest rate was temporarily reduced on loans made through national farm loan associations to 4½ percent and on direct loans to 5 percent; on maturities occurring during the period July 1, 1935, through June 30, 1940, the rates were temporarily reduced to 3½ and 4 percent respectively.

<sup>2/</sup> On maturities occurring during the period July 22, 1937, through June 30, 1940, the interest rate on Commissioner loans has been temporarily reduced to 4 percent.

<sup>3/</sup> Interest rates in Puerto Rico, ½ percent higher.

<sup>4/</sup> Baltimore bank-2½ percent, changed to 3 percent on January 15, 1934.

Table 18.- Bond yields and interest rates, 1928-38

Year or month	Yield on long-term Federal farm loan bonds <sup>1/</sup>	United States Government bonds <sup>2/</sup>	Industrials <sup>3/</sup>	Rates on commercial paper (4-6 mo. average) <sup>4/</sup>	Federal reserve bank discount rates, New York <sup>5/</sup>
	Percent	Percent	Percent	Percent	Percent
1928 .....	4.20	3.33	5.10	4.85	3½ - 5
1929 .....	4.62	3.60	5.31	5.84	4½ - 6
1930 .....	4.58	3.28	5.25	3.58	2½ - 4½
1931 .....	5.13	3.31	6.09	2.63	1½ - 3½
1932 .....	5.32	3.66	6.71	2.73	2½ - 3½
1933 .....	5.18	3.31	5.32	1.72	2 - 3½
1934 .....	4.17	3.10	4.52	1.01	1½ - 2
1935 .....	3.13	2.70	4.02	.76	1½
1936 .....	2.81	2.47	3.50	.75	1½
1937 .....	2.75	2.57	3.55	.95	1½ - 1
1938:					
March .....	2.54	2.45	3.58	.88	1
June .....	2.34	2.31	3.55	.88	1
September .....	2.37	2.40	3.50	.69	1

<sup>1/</sup> Yields are based on average daily yield on asked prices of long-term issues, excluding bonds callable in 5 years or less.

<sup>2/</sup> Average of yields of all outstanding bonds due or callable after 8 years.

<sup>3/</sup> Moody's Investors service.

<sup>4/</sup> Federal Reserve Board.

<sup>5/</sup> Range.

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